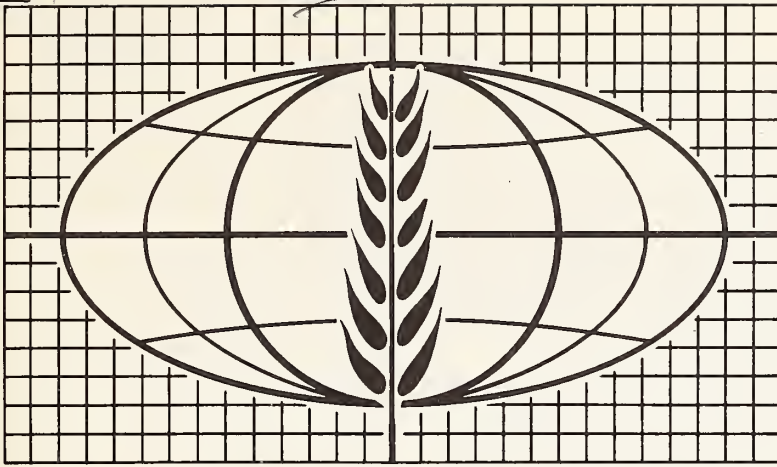


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THE AGRICULTURAL SITUATION IN THE FAR EAST AND OCEANIA

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Review of 1973 and Outlook for 1974

U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE

Washington, D.C.

FAR EAST & OCEANIA

 Countries included in this study



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ABSTRACT: Favorable weather led to increased agricultural output in most countries in the Far East and Oceania during 1973. Bangladesh, Thailand, India, and the Philippines showed the largest increases in agricultural production, while the Khmer Republic, New Zealand, and Sri Lanka had reduced output. Per capita food production also advanced in most countries. Rice production in the Far East totaled 117 million tons—up 11 percent from the drought-affected 1972 crop. Rice output increased in all the major rice-producing countries of the region. India's rice crop advanced 13 percent to a record 43.5 million tons, but was only slightly above the 1971 outturn. U.S. agricultural exports to the Far East and Oceania totaled \$5.51 billion in 1973—up nearly 87 percent from the previous year, while U.S. agricultural imports from the region increased 37 percent to \$2.28 billion. Continued high prices should enable U.S. farm exports to the Far East and Oceania to expand in 1974, although the rate of increases should be less rapid than in 1973.

KEYWORDS: Far East, Oceania, Asia, economic situation, agricultural production, agricultural trade.

FOREWORD

This annual review provides an analytical basis for shortrun policy decisions and informs the public about current agricultural developments in the Far East and Oceania. It is one of six regional supplements to *The World Agricultural Situation*, WAS-4, December 1973. Other regional reports are published for Western Europe, Communist Asia, the USSR, Africa and West Asia, and the Western Hemisphere.

Additional statistical information relating to production and trade of agricultural products in the region appears in a separate publication, *The 1972 Agricultural Data Book for the Far East and Oceania*, ERS-Foreign 267, October 1972. An updated version will be released in 1974.

This report was directed and coordinated by E. Wayne Denney. Others participating in the preparation included Diane B. Ellison, Amjad H. Gill, Bruce L. Greenshields, Gene R. Hasha, John B. Parker, Jr., and Richard B. Reidinger.

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EXPLANTORY NOTES

Far East refers to noncommunist countries in Asia from Afghanistan east. *Oceania* refers only to Australia and New Zealand except for regional trade data on U.S. agricultural exports and imports.

Unless otherwise stated, split years (e.g. 1972/73) mean July-June, tons are metric, and dollars are U.S. dollars. Unless specified otherwise, data on rice are for milled rice.

Calendar year production includes crops harvested during the spring, summer, and autumn of 1972 (for example) and includes some crops such as rice, where the bulk of the crop is harvested in 1972, but continued into the early part of 1973. Unless otherwise stated, references to years are calendar years.

GNP refers to gross national product; GDP to gross domestic product.

CONTENTS

	<i>Page</i>
Summary	1
The Expanding Far East Market for Agricultural Imports	2
Far East—Oceania Fertilizer Situation	9
Afghanistan	13
Australia	14
Bangladesh	17
Burma	19
Hong Kong	19
India	21
Indonesia	26
Japan	28
Khmer Republic (Cambodia)	30
Korea, Republic of	31
Laos	33
Malaysia	34
Nepal	35
New Zealand	36
Pakistan	39
Philippines	40
Singapore	42
Sri Lanka	43
Taiwan	44
Thailand	46
Vietnam, Republic of	48

THE AGRICULTURAL SITUATION IN THE FAR EAST AND OCEANIA

Review of 1973 and Outlook for 1974

SUMMARY

Agricultural production in the Far East and Oceania advanced by about 7 percent in 1973, and was nearly 3 percent above the 1971 output, due to generally favorable weather for most of the region. However, persistent drought curtailed agricultural production in New Zealand and Sri Lanka and continued military conflict resulted in a 37-percent decline in Khmer Republic.

Substantially larger rice crops in Bangladesh and Thailand enabled agricultural production to increase by 20 percent in each of those countries. Food grain production made a sharp recovery in India and paved the way for a 10-percent increase in agricultural output. Similarly, recoveries in rice production were largely responsible for the increased agricultural production in the Philippines (10 percent), Malaysia (8 percent), and Indonesia (8 percent). An 82-percent rise in Australia's wheat production contributed to a 6-percent increase in aggregate agricultural output. Taiwan (7 percent) and South Korea (1 percent), continued the recent expansion of their agricultural sectors, while Pakistan showed a 4-percent increase in output despite severe flooding. Japan's total agricultural output was virtually unchanged during 1973.

Progress in the region during 1973 appears less favorable when population growth is considered. Per capita domestic food production declined in Japan, Khmer Republic, South Korea, New Zealand, Sri Lanka, and South Vietnam. Although all other countries in the region showed increases, only Malaysia achieved a record level during the year.

Rice production in the Far East during 1973 totaled 117 million tons, up 11 percent from the drought-affected crop of 1972. All major rice-producing countries in the region showed an increase—India, 4.5 million tons; Bangladesh, 2.6 million tons; Thailand, 1.3 million tons; and Indonesia and the Philippines, 800,000 tons each. Increased rice production was the major reason that total agricultural production for the region made such a strong recovery in 1973.

Favorable monsoon rainfall from June to September enabled India to increase 1973 food grain

production by 12 million tons. The increased output provided some relief to deficit areas but did not eliminate shortages in cities. Despite the higher output, India's grain imports are expected to reach 6 million tons during 1973/74.

Australia's wheat output of 11.9 million tons was 82 percent above the previous year's level but substantially below the record 1968 crop. The higher production was due primarily to better yields, as wheat area increased only 15 percent. Australian coarse grain production was also well above the 1972 level as favorable weather during most of the growing season permitted higher yields.

U.S. agricultural exports to the Far East and Oceania totaled \$5.51 billion in 1973, up nearly 87 percent from 1972 because of substantially higher prices and some increase in volume exported. Major U.S. agricultural exports to the region in 1973 were wheat (\$1,256 million), soybeans (\$883 million), corn (\$763 million), cotton (\$563 million), grain sorghum (\$325 million), rice (\$309 million), and tobacco (\$199 million). Expansion of those U.S. exports already at a high level included wheat, corn, and soybeans to Japan and Taiwan; wheat to South Korea and Indonesia; fruits and vegetables to Japan and Hong Kong; and cotton to Japan, Taiwan, South Korea, and Thailand. Some import gains in our 1973 exports from a relatively small base in 1972 included rice to Hong Kong, Singapore, Malaysia, and the Khmer Republic; barley to South Korea; wheat and grain sorghum to India; and cotton to Hong Kong. Japan continued to be our major Far East market for agricultural products, taking \$3.0 billion, or 55 percent, of total U.S. exports to the region in 1973. The major commodities shipped to Japan during the year included soybeans (\$716 million), corn (\$647 million), and wheat (\$405 million). Other major markets for U.S. exports were South Korea (\$635 million), Taiwan (\$406 million), India (\$331 million), Indonesia (\$188 million), South Vietnam (\$151 million), and Hong Kong (\$147 million).

U.S. agricultural imports from the Far East and Oceania during 1973 totaled \$2.28 billion, up 37 percent from 1972. Most of the increase is attributed

to larger imports of meat from Australia, meat and dairy products from New Zealand, sugar and coconut oil from the Philippines, and rubber and palm oil from Indonesia and Malaysia. Major suppliers were Australia (\$675 million), the Philippines (\$465 million), New Zealand (\$368 million), Indonesia (\$223 million), and Malaysia (\$170 million). These five countries supplied 83 percent of our total agricultural imports from the region.

Most developing countries of the region are expected to have a growing fertilizer deficit in 1974. In view of the tight current world fertilizer situation,

many developing countries in Asia may not be able to import all the fertilizer they need. India, Pakistan, and Bangladesh will probably be hampered most by the current shortage.

U.S. farm exports to the Far East and Oceania should expand in 1974, although the rate of increase should be less rapid than in 1973. India, Indonesia, South Korea, and Taiwan will probably purchase more U.S. agricultural products in 1974 while Pakistan, Bangladesh, and Sri Lanka may buy a little less. U.S. farm exports to Japan will probably not change significantly from the 1973 level.

THE EXPANDING FAR EAST MARKET FOR AGRICULTURAL IMPORTS

Major agricultural exporting countries—particularly the United States, Canada, and Australia are looking more to Far East countries now than to Western Europe as an outlet for their farm products. Total agricultural imports by Far East¹ markets (excluding Communist Asia, covered in a separate report) increased from about \$9.8 billion (c.i.f.) in 1972 to about \$15.5 billion in 1973. Japan's agricultural imports increased from \$5.5 billion in 1972 to a record \$8.9 billion in 1973, while imports by other nations increased from about \$4.3 billion to \$6.6 billion. Hong Kong's agricultural imports in 1973 topped \$1 billion for the first time and imports by South Korea and Indonesia surpassed \$800 million each. Agricultural imports by India were almost double the \$350 million recorded in 1972. India's food imports should exceed \$1 billion in 1974.

U.S. agricultural exports to the Far East increased 93 percent to \$5.4 billion in 1973. The U.S. share as a supplier increased from 28 percent of the value in 1972 to over 34 percent in 1973. However, it is expected to decline in 1974 because of increased competition from other nations in the thriving Asian markets. Greater competition will come from Australia and Canada in wheat, and from South Africa and Thailand in corn. Taiwan and South Korea are increasing their exports of meat and horticultural products to Japan. The People's Republic of China is becoming a stronger competitor in supplying rice and fruits to Asian markets.

Some of the reasons for the dramatic increase in value of U.S. farm exports to the area in 1973 are listed below:

1. U.S. export prices for most major commodities shipped to the area were markedly higher. Average export prices for wheat, rice, and soybeans were more than double the average prices recorded in 1972.

2. Improved skills, rising urban employment, and a wider distribution of economic benefits contributed to

higher per capita income and to a rise in purchasing power. This was particularly evident in markets noted for their rapid economic growth—Japan, South Korea, Taiwan, Hong Kong, and Singapore. They take a much wider range of U.S. farm products than less developed countries with limited foreign exchange.

3. Food shortages stemming from a reduced supply caused by the 1972/73 drought in South Asia and South Korea bolstered grain import needs. As a substitute for wheat, India imported grain sorghums and South Korea imported barley.

4. Foreign exchange holdings of most countries remained high or increased. Exports of manufactures by East Asia increased more than 60 percent in 1973. Higher prices for rubber, cotton and jute textiles, and oilseeds gave some countries in southern Asia their highest export values ever recorded. The shortage of foreign exchange has been a major constraint in U.S. exports to developing Asia in the past decade. At one time, sales under P.L. 480 helped lessen that problem. Shipments through P.L. 480 to Asia fell drastically in 1973 except for deliveries to South Vietnam and Cambodia.

5. Competitive exporting nations had smaller supplies of grain, cotton, oilseeds, and certain horticultural products for export. Thailand and Burma combined had only 1 million tons of rice for export in 1973 compared with 2.7 million tons in 1972. Exports of corn by Thailand and South Africa were down sharply. Exports of Australian wheat were less than half the 1972 total. Pakistan could not meet its cotton export contracts.

6. Improvements in transporting and marketing farm products opened new opportunities for U.S. exporters. Bulk handling tended to favor large reliable U.S. firms over small suppliers far away from busy international transport connections. Increased use of air cargo contributed to the dramatic gains in our exports of certain fresh fruits and vegetables to Japan, Hong Kong, Singapore, and Taiwan.

¹Excludes Oceania.

7. Importing countries removed or reduced tariffs on many items as it became evident that imports were to their economic advantage. South Korea recently removed import duties on wheat, cotton, breeding animals, and seeds.

The major countries responsible for the \$2.6 billion increase in U.S. agricultural exports to the Far East in 1973 were (in millions of dollars): Japan, 1,568; South Korea, 272; Taiwan, 217; India, 227; and Hong Kong, 81. All of these gains were made completely through commercial sales. Our farm exports to Pakistan, Bangladesh, and Sri Lanka declined because of the shortage of foreign exchange in these countries and a sharp reduction in P.L. 480 financing. The only country in the region to reduce purchases of U.S. farm products because of an improved food supply was Afghanistan, which had a record wheat crop.

The major U.S. commodities exported to the Far East in 1972 (in parentheses) and 1973 were (in millions of dollars): wheat, 1,254 (531); soybeans, 883 (464); corn, 763 (258); cotton, 562 (345); grain sorghums, 325 (118); and rice, 307 (260). Our exports of tobacco to this area declined from \$194 million in 1972 to \$174 million in 1973, primarily because of a delay in purchases by Thailand, the second largest Asian customer. Exports of vegetable oils also declined because the reduction in exports to India and Bangladesh was greater than the tremendous increase in exports to Japan.

Increased Competition Expected in 1974

There probably will be a smaller increase in U.S. farm exports to the Far East in 1974 because of greater competition from Australia, South Africa, and Thailand in grains; Brazil in soybeans; and Latin American suppliers of horticultural products and cotton.

Australia is expected to export much more wheat to Japan, India, and Indonesia in 1974, but some gains in U.S. wheat to these markets could still occur. South Africa and Australia will send more grain sorghums to Japan and Taiwan. Argentina has become competitive with the United States in the new cash market for grain sorghums in India. Thailand and South Africa will have more corn to deliver in 1974 to Japan, South Korea, and Taiwan. However, the 3-year purchase arrangement between U.S. firms and Taiwan importers for corn, wheat, and cotton will limit reductions in U.S. sales to Taiwan due to improved supplies among competitors.

While Pakistan's cotton exports to Asian markets fell in 1973, deliveries by the USSR increased. Russian sales of cotton to Japan, Hong Kong, and Bangladesh are increasing. The Russians are also expected to deliver more sunflower oil to India and several other Asian markets this year. Brazil's

exports of soybeans to Japan are scheduled to rise sharply this year.

Intra-Asian trade is increasing rapidly. Japan's investments in other Asian countries designed to provide agricultural raw materials for delivery to factories in Japan are beginning to affect trade. Yet these projects have not provided commodities for any major new trade flows. Although Asian farm exporters have an advantage in shipping goods to markets such as Japan, Taiwan, and Hong Kong, the United States remains the leading supplier of most major commodities.

Wheat

U.S. wheat exports to the Far East increased from 8.0 million tons in 1972 to 10.4 million tons in 1973. Most of the increase in value, from \$531 million in 1972 to \$1,254 million in 1973, was from higher prices (table 1). Reduced deliveries of Australian wheat to Japan, South Korea, Indonesia, Taiwan, and Hong Kong contributed to gains in U.S. exports to those markets, which now depend heavily on imports.

India, a large P.L. 480 market in the 1960's, returned to the United States for 1.8 million tons of wheat in 1973—but completely on a cash basis. This excludes about 84,000 tons of bulgur wheat exported to India under Title II, P.L. 480 in 1973. Indian purchases of U.S. wheat in 1974 are likely to be well above the 1973 level. India will also be receiving more wheat from Australia and Canada in 1974.

U.S. wheat exports to Japan reached a record 3.6 million tons in 1973, compared with 2.5 million tons in 1972. This increase accounted for about half of our increase in wheat to the Far East last year. The return of Australia as an important supplier in 1974 will hamper further gains in U.S. wheat sales to Japan. Yet, average export prices on contracts for 1974 delivery are up and the value will be higher than 1973's record \$405 million.

Shortages of foreign exchange and larger imports of wheat from Australia and Canada will contribute to a reduction in 1974 in U.S. wheat exports to Bangladesh under P.L. 480. Yet, U.S. commercial sales to South Korea, Taiwan, Indonesia, and Hong Kong are scheduled to increase.

Coarse Grains

U.S. exports of coarse grains (primarily corn, grain sorghums, and barley) topped \$1.1 billion in 1973 compared with only \$380 million in 1972. While these cereals are used predominantly for animal feed in Japan, they are used primarily as feed for human consumption in some other countries.

U.S. corn exports to the Far East increased from 4.7 million tons in 1972 to 8.4 million tons in 1973. The value almost tripled because of higher prices. Corn exports to Japan jumped from 3.6 million tons in 1972

Table 1--U.S. exports of grain and wheat flour to the Far East, 1972 and 1973

Country	Wheat		Wheat flour		Rice		Corn		Grain sorghum		Other cereals		Total grain and wheat flour	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
1,000 tons														
Thailand	23	23	1	4	--	--	3,595	7,096	2,143	2,978	2	196	N.A.	N.A.
Japan	2,495	3,595	--	--	566	328	480	378	--	33	54	479	--	--
South Korea	1,795	1,992	98	60	13	--	19	3	1	917	--	--	--	--
India	165	1,807	5	6	--	--	203	561	7	15	--	86	--	--
Taiwan	478	571	--	--	--	--	--	172	--	--	--	--	--	--
Indonesia	319	542	4	32	322	112	--	--	--	--	--	--	--	--
South Vietnam	172	166	71	29	311	258	94	71	--	--	--	--	--	--
Pakistan	1,277	648	--	2	52	--	4	--	--	--	--	--	--	--
Bangladesh	775	596	--	--	79	--	--	--	--	--	--	--	--	--
Cambodia	12	8	23	--	29	124	--	--	--	--	--	--	--	--
Philippines	483	394	28	32	54	--	142	24	--	--	--	--	--	--
Hong Kong	41	63	--	1	6	66	--	--	--	--	--	--	--	--
Singapore	6	49	1	1	--	46	37	57	--	--	--	--	--	--
Sri Lanka	--	--	302	188	--	--	7	--	--	--	--	--	--	--
Malaysia	2	17	1	--	--	11	--	--	--	--	--	--	--	--
Laos	--	--	7	6	--	--	--	--	--	--	--	--	--	--
Other	10	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	8,030	10,407	540	357	1,432	941	4,671	8,369	2,151	3,943	56	761	--	--
Million dollars														
Thailand	1.5	2.5	.1	.3	--	--	--	--	--	--	--	--	1.6	--
Japan	161.6	404.8	--	--	--	--	199.6	646.8	117.9	249.8	.2	15.5	479.3	1,316.9
South Korea	122.3	276.7	6.5	5.9	88.9	82.1	25.7	38.6	--	2.5	3.3	41.1	246.7	446.9
India	11.0	209.3	.4	.8	2.8	--	1.0	.4	.1	71.0	--	--	15.3	281.5
Taiwan	29.4	85.0	--	--	--	--	16.4	49.8	.8	1.3	--	8.1	46.1	144.2
Indonesia	23.1	63.2	.3	3.4	60.5	37.2	--	13.9	--	--	--	--	83.9	117.7
South Vietnam	12.0	15.2	4.7	2.9	63.7	80.5	5.2	6.6	--	--	--	--	85.6	105.2
Pakistan	81.4	89.0	--	.3	9.9	--	.2	--	--	--	--	--	91.5	89.3
Bangladesh	53.4	70.3	--	--	16.4	--	--	--	--	--	--	--	69.8	70.3
Cambodia	.9	1.2	1.7	--	5.7	56.3	--	--	--	--	--	--	8.3	57.5
Philippines	31.7	45.5	2.0	4.0	11.1	--	7.7	1.8	--	--	--	--	52.5	51.3
Hong Kong	2.7	6.8	--	.1	1.2	27.9	--	--	--	--	--	--	3.9	34.8
Singapore	.3	6.2	--	.1	--	19.6	2.2	4.2	--	--	--	--	2.5	30.1
Sri Lanka	--	--	21.3	18.0	--	--	.4	--	--	--	--	--	21.7	18.0
Malaysia	.1	1.7	.1	--	--	4.6	--	.5	--	--	--	--	.2	6.8
Laos	--	--	.5	.6	--	--	--	--	--	--	--	--	.5	.6
Other	.6	--	--	--	--	--	--	--	--	--	--	--	.6	--
Total	532.0	1,277.4	37.6	36.4	260.2	308.2	258.4	762.6	118.8	324.6	3.5	64.7	1,210.5	2,773.9

Note: Dashes mean negligible or none.

(the third highest level on record) to an astonishing 7.1 million tons in 1973 valued at \$647 million. Shortfalls in deliveries of corn from Thailand and South Africa caused Taiwan to buy more U.S. corn in 1973. Indonesia, which had been one of Asia's rapidly rising corn exporters until 1972, imported 172,000 tons of U.S. corn in 1973. Reduced deliveries of corn by Thailand and the elimination of exports by Indonesia and Khmer Republic (Cambodia) caused Singapore to buy 57,000 tons of U.S. corn in 1973.

U.S. exports of grain sorghums to the Far East increased from 2.15 million tons in 1972 to 3.94 million tons in 1973. India and Japan accounted for most of the increase.

U.S. barley exports to Korea, Japan, and Taiwan combined increased sharply from 56,000 tons in 1972 to 761,000 tons in 1973.

Rice

A growing world shortage of rice caused such cash customers as Hong Kong, Singapore, and Malaysia to turn to the United States for rice, and our P.L. 480 deliveries to other markets diminished. Much higher prices caused the value of U.S. rice exports to the Far East to increase from \$260 million in 1972 to \$307 million in 1973.

U.S. rice exports to the Far East declined from 1.4 million tons in 1972 to 941,000 tons in 1973, mostly because of reduced in P.L. 480 deliveries to South Korea and Indonesia. Exports to Cambodia through P.L. 480 increased from 29,000 tons in 1972 to 124,000 tons in 1973. Cambodia is scheduled to receive 265,000 tons of rice in 1974. This gain will help offset the sharp reduction in exports to Korea.

Far East rice importers received about 5 million tons of rice from other countries in 1973. Larger rice imports by Indonesia, Cambodia, and Sri Lanka offset smaller imports by South Korea, Bangladesh, and the Philippines. In 1972, the United States and Thailand supplied most of the area's rising rice imports but deliveries by these two suppliers fell sharply in 1973. Dramatic gains in rice exports by the People's Republic of China and Pakistan made up for the shortfall.

Chinese rice exports approximated 1.5 million tons in 1973—double the 1972 level. Some of their most important Far East customers in 1973 included (in thousands of tons): Indonesia, 545; Sri Lanka, 210; Hong Kong, 180; the Philippines, 160; Malaysia, 50; and Singapore, 50.

Pakistan's total rice exports increased from 300,000 tons in 1972 to 788,000 tons in 1973. Stocks of high-yielding varieties accumulated in 1972 when normal trade flows with Bangladesh came to a halt. Pakistan sent 290,000 tons of rice to Indonesia and 166,000 tons to Sri Lanka in 1973. Japan's rice exports to Indonesia increased in 1973.

Soybeans

Higher prices accounted for most of the increase in value of U.S. soybean exports to Japan in 1973. The quantity increased only 7.3 percent to 3.2 million tons while the value rose 91 percent (table 2). U.S. exports of soybeans to Taiwan decreased from 637,000 tons in 1972 to 601,000 tons in 1973, but exports to South Korea increased sharply. Soybeans are used in many traditional food items in the Far East as well as in soybean oil for cooking. Soybean meal is used by expanding livestock enterprises. Many industries use soybeans for making soya sauce, milk, edible proteins, and other products. The crushers also provide protein rich soybean meal for poultry and livestock feeding operations.

Other Products

U.S. tobacco is used primarily for its blending quality. High quality cigarettes in Japan, Thailand, Taiwan, Hong Kong, South Vietnam, and Malaysia contain a high percentage of U.S. leaf. Japan is our third largest tobacco market and about one-fourth of its tobacco imports comes from the United States.

Tallow is an important ingredient in the manufacture of soap and cosmetics. Japan, South Korea, Bangladesh, and India were our major Asian markets for tallow in 1973. Far Eastern footwear and leather-related industries paid \$168 million for U.S. hides and skins in 1973.

U.S. meat exports to the Far East scored an astronomical rise in 1973 to \$133 million—more than triple the 1972 value (table 3). Exports of U.S. beef to Japan climbed from \$2 million in 1972 to \$35 million for the 11,200 tons delivered in 1973. Our pork exports to Japan also nearly tripled in reaching \$70 million.

Taiwan emerged as a new market for U.S. apples in 1973, taking 2,600 tons valued at \$908,000 (table 4). U.S. grape exports to the Far East almost doubled in 1973 with marked gains in shipments to Hong Kong, Japan, and Singapore.

Outlook

The energy crisis is likely to slow down the rate of growth of U.S. agricultural exports to the Far East, but it should not cause an absolute decline in quantity exported. Strong gains in the value for U.S. farm exports to the area in 1974 are likely because prices have remained high and stocks of most major items in Asia (excluding Japan) are lower than they were a year ago. More shoppers are buying food in modern new supermarkets in Japan, South Korea, Taiwan, and Hong Kong, where imported, higher quality U.S. products sell well.

Higher prices for petroleum are expected to cause the growth in GNP in Japan, South Korea, and Taiwan to fall well below the high rates recorded in 1973. Arrangements to provide larger exports of

Table 2--U.S. exports of selected agricultural commodities used predominately as raw materials for industry, 1972 and 1973

Country	Soybeans		Cotton, raw		Tobacco		Tallow		Vegetable oils		Hides and skins, whole		Total of items shown	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
	1,000 tons													
Japan	2,977	3,193	156,110	236,233	39,591	36,012	142,483	179,059	23,460	59,485	7,236	6,836	N.A.	N.A.
Taiwan	637	601	59,439	122,580	6,418	7,562	18,265	15,021	2,439	486	202	312		
South Korea	47	81	98,194	150,666	--	110	78,456	85,115	2,669	5,279	411	821		
Thailand	--	--	21,337	56,826	13,877	3,933	286	459	170	196	--	2		
Indonesia	--	--	48,988	44,416	248	470	--	--	12	71	--	--		
Philippines	--	5	22,208	40,279	4,310	3,993	3,670	5,279	631	1,243	7	17		
Hong Kong	--	--	13,281	52,037	1,587	1,249	--	5	1,104	1,859	55	81		
South Vietnam	--	--	20,249	20,902	8,555	6,647	540	500	15,736	1,384	--	1		
Pakistan	--	--	--	--	215	--	37,641	25,974	54,174	59,814	--	--		
India	--	--	2,177	--	26	95	35,865	16,773	49,210	23,038	--	--		
Singapore	53	28	871	5,443	1,226	1,126	634	828	341	484	--	--		
Malaysia	--	--	1,742	5,008	2,582	3,646	27	1,096	243	174	--	--		
Bangladesh	--	--	20,466	4,355	--	--	16,014	10,793	67,010	7,132	--	--		
Cambodia	--	--	1,960	4,355	975	580	--	--	515	1,001	--	--		
Other	--	--	218	--	56	197	901	508	3,825	2,414	--	10		
Total	3,714	3,908	467,240	743,099	79,666	65,620	334,782	341,400	221,539	164,010	7,911	8,080		
	Million dollars													
Japan	374.5	715.9	113.2	178.6	104.8	101.8	23.8	48.3	8.6	24.3	108.8	143.1	734.6	1,212.0
Taiwan	75.9	139.4	40.6	81.4	14.6	18.2	3.2	4.1	1.0	.3	.3	5.6	138.4	249.0
South Korea	6.1	19.6	76.2	111.8	--	--	13.8	26.6	1.2	2.4	6.3	17.0	103.6	177.4
Thailand	--	--	14.7	40.8	35.7	10.6	--	.1	.1	.2	--	--	50.6	51.7
Indonesia	--	--	38.8	49.4	.5	.8	--	--	--	.1	--	--	39.3	50.3
Philippines	--	1.1	16.8	29.1	8.2	8.9	.7	1.8	.4	.8	.1	.4	26.2	42.1
Hong Kong	--	--	7.9	36.7	3.0	2.7	--	--	.6	1.1	.8	1.4	12.3	41.9
South Vietnam	--	--	17.4	19.1	20.3	16.4	.3	.2	7.1	.7	--	--	45.1	36.4
Pakistan	--	--	.1	--	.7	--	7.4	6.3	14.9	16.3	--	--	23.1	22.6
India	--	--	2.1	--	.1	.3	7.2	5.9	17.9	10.7	--	--	27.3	16.9
Singapore	7.0	6.9	.5	4.2	2.8	2.9	.1	.2	.3	.4	--	--	10.7	14.6
Malaysia	--	--	1.2	3.5	6.4	9.4	--	.5	.2	.2	--	--	7.8	13.7
Bangladesh	--	--	14.0	3.2	--	--	3.3	3.7	20.4	3.3	--	--	37.7	10.2
Cambodia	--	--	1.5	3.7	1.8	1.3	--	--	.2	.3	--	--	3.5	5.3
Other	--	--	.2	--	.1	.6	--	--	1.7	1.8	.2	.4	2.2	2.7
Total	464.4	882.9	345.2	561.5	199.0	173.9	59.8	97.7	74.6	62.9	119.3	167.9	1,262.3	1,946.8

Note: Dashes mean negligible or none.

Source: Bureau of the Census, U.S. Dept. of Commerce.

Table 3--U.S. exports of selected horticultural products to the Far East, 1972 and 1973

Country	Citrus fruits		Apples		Grapes		Canned fruit : preparations:			Vegetables & : preparations:			Dried fruit			Nuts and : preparations:			Total of items shown	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
Tons																				
Japan	85,226	96,440	8	16	170	672	5,610	4,004	N.A.	N.A.	5,970	3,737	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hong Kong	30,990	35,757	5,242	5,462	4,539	6,653	363	765			490	318								
Singapore	1,897	2,785	1,221	1,540	865	1,980	234	374			177	145								
Taiwan	1	11	--	2,568	--	--	120	244			261	185								
Philippines	73	8	8	112	38	144	36	44			402	23								
South Korea	19	27	--	--	--	33	318	425			137	79								
South Vietnam	--	--	--	--	--	--	29	14			126	55								
Malaysia	125	98	145	218	30	41	13	25			120	143								
Indonesia	--	--	194	168	153	435	49	150			8	--								
Thailand	--	--	308	655	9	1	10	24			15	34								
India	--	--	--	--	--	--	2	11			--	--								
Other	1	128	--	--	--	--	23	.5			55	5								
Total	118,332	135,254	7,126	10,739	5,804	9,959	5,807	7,075			7,761	4,724								
Million dollars																				
Japan	45.7	51.7	--	--	.1	.4	4.0	5.0	10.0	27.7	5.7	8.0	15.1	29.7	80.6	122.5				
Hong Kong	14.1	16.9	1.6	1.8	2.7	4.1	.4	.8	3.4	6.7	.8	.8	.4	.6	23.4	31.7				
Singapore	.9	1.4	.3	.5	.5	1.2	.2	.4	.9	1.4	.3	.3	--	.4	3.1	5.6				
Taiwan	--	--	--	.9	--	--	.1	.2	1.2	.9	.2	.3	.4	.1	1.9	2.4				
Philippines	--	--	--	--	--	.1	.1	.1	.8	1.9	.7	.1	--	--	1.6	2.2				
South Korea	--	--	--	--	--	--	.3	.4	.4	1.3	.2	.2	--	.1	.9	2.0				
South Vietnam	--	--	--	--	--	--	--	--	.5	1.1	.2	.1	--	--	.7	1.2				
Malaysia	--	--	--	.1	--	--	--	--	.3	.6	.2	.3	.1	.1	.6	1.1				
Indonesia	--	--	.1	.1	.1	.2	--	.2	.3	.5	--	--	--	--	.5	1.0				
Thailand	--	--	.1	.2	--	--	--	--	.2	.3	--	.1	--	--	.3	.6				
India	--	--	--	--	--	--	--	--	1.2	.4	--	--	--	--	1.2	.4				
Other	--	.1	--	--	--	--	.1	.1	1.0	2.4	--	--	.4	.7	1.5	3.3				
Total	60.7	70.1	2.1	3.6	3.4	6.0	5.2	7.2	20.2	45.2	8.3	10.2	16.4	31.7	116.3	174.0				

Note: Dashes mean negligible or none.

Source: Bureau of the Census, U.S. Dept. of Commerce.

Table 4--U.S. exports of meat and nonfat dry milk to the Far East, 1972 and 1973

Country	Beef		Pork		Pork products		Poultry, frozen		Variety meats		Nonfat dry milk		Total of items shown	
	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973	1972	1973
	Tons													
Japan	700	11,120	20,271	42,586	730	1,344	7,914	10,073	1,813	5,331	3,847	163	N.A.	N.A.
Hong Kong	194	307	26	52	10	10	9,578	8,513	184	163	3	111		
Singapore	103	182	14	64	12	18	395	586	4	--	237	27		
Philippines	72	101	--	74	--	--	--	--	58	52	2,933	435		
South Vietnam	5	1	--	--	--	--	--	2	--	--	8,405	1,100		
Taiwan	34	128	--	7	--	--	--	16	--	2	769	31		
Malaysia	38	17	--	7	--	1	121	129	--	--	336	--		
South Korea	32	16	4	--	5	1	3	2	--	--	6,584	18		
India	--	--	--	--	3	3	--	3	--	--	8,340	183		
Indonesia	6	13	--	--	--	--	--	--	--	--	3,374	4		
Other	44	4	306	2	1	3	3	3	31	--	4,364	1,372		
Total	1,228	11,889	20,621	42,792	761	1,380	18,014	19,327	2,090	5,548	34,828	3,444		
	Million dollars													
Japan	2.0	35.0	25.0	70.4	.7	1.9	6.3	10.1	1.3	5.1	2.3	.1	34.6	122.6
Hong Kong	.7	1.3	--	.1	--	--	4.9	7.3	.1	.1	--	.1	5.7	8.9
Singapore	.3	.7	--	--	--	--	.3	.6	--	--	.2	--	.8	1.3
Philippines	.3	.5	--	--	--	--	--	--	--	.1	2.1	.3	2.4	.9
South Vietnam	--	--	--	--	--	--	--	--	--	--	5.9	.8	5.9	.8
Taiwan	.1	.6	--	--	--	--	--	--	--	--	.5	--	.6	.6
Malaysia	.1	.1	--	--	--	--	.1	.1	--	--	--	--	.2	.2
South Korea	.1	.1	--	--	--	--	--	--	--	--	4.7	--	4.8	.1
India	--	--	--	--	--	--	--	--	--	--	4.8	.1	4.8	.1
Indonesia	--	--	--	--	--	--	--	--	--	--	2.5	--	2.5	--
Other	.1	--	.3	--	--	.1	--	--	--	--	3.2	1.2	.8	1.4
Total	3.7	38.3	25.3	70.5	.7	2.0	11.8	18.2	1.4	4.3	26.2	2.6	69.1	136.9

Note: Dashes mean less than \$50,000.

Source: Bureau of the Census, U.S. Dept. of Commerce.

manufactures and technical services to petroleum exporting nations will ease the foreign exchange reductions expected because of higher petroleum

prices. Foreign currency available for food imports by Indonesia should rise sharply because of high petroleum prices. (John B. Parker, Jr.)

FAR EAST-OCEANIA FERTILIZER SITUATION

The Far East and Oceania region accounts for roughly 11 percent of world fertilizer consumption, but produces only about 8 percent of the world's fertilizer. The region's production totals 71 percent of its consumption, making it significant importer of fertilizers.

Nitrogen fertilizer in particular has been a key ingredient of the Green Revolution in several Asian countries. For the region, nitrogen accounts for nearly 50 percent of total fertilizer consumption, while phosphate and potash account for about 34 and 16 percent, respectively. Japan produces about 52 percent of the region's nitrogen and is the world's largest nitrogen exporter. More than half of the Japanese nitrogen exports go to the People's Republic of China (PRC). India is the region's largest fertilizer consumer and the second largest producer, accounting for about 44 percent of nitrogen consumption and 24 percent of production in the region.

Australia is the area's largest producer and consumer of phosphate fertilizers, accounting for about one-third of regional production. Japan is the second largest consumer and producer of phosphate. There are no important net exporters of phosphate fertilizer in the region.

The region produces little or no potash. India and Japan are the largest consumers of potash.

The area relies heavily on imported raw materials. The major producers of nitrogen depend on petroleum and petroleum derivatives which are generally imported from outside the region. As for phosphate fertilizer production, only Oceania produces substantial amounts of phosphate rock. The region has no significant known reserves of potash.

Most developing countries of the region are expected to have a fertilizer deficit in 1973/74. Table 5 indicates the estimated production-consumption situation for several of the major countries. As a group these countries account for about 95 percent of the fertilizer consumed in the region. They have a deficit for all fertilizers added together. For nitrogen, a slight surplus is expected for the group, primarily due to Japan's production. Imports of Japanese fertilizer by the PRC, however, are expected to more than absorb the surplus nitrogen. India is projected to have the largest deficit, followed by Indonesia and Pakistan. South Korea and to some extent Taiwan are the only developing countries of the region expected to have a slight surplus in fertilizers.

As a result, some nitrogen imports will be required from other areas, such as Europe and the Middle

East. Imports of phosphates will probably come mainly from the United States, North Africa, and Jordan. Potash will probably be imported primarily from Canada and Europe. Potash supplies appear sufficient, although transport may be a problem.

Obtaining the needed nitrogen and phosphate fertilizers on world markets this year will be difficult. Fertilizer demand is very strong, particularly because of record grain prices. At the same time, fertilizer plants are operating near capacity in the developed countries which produce most of the world's fertilizer, and new plants will take roughly 3 years to complete. Until 1970/71, over capacity for world fertilizer production existed, causing low prices and discouraging new investment. Further, in the United States, which is the world's largest producer and consumer of nitrogen and phosphate fertilizers, investment was discouraged by shortages of natural gas for nitrogen production, price controls, and environmental protection restrictions.

As a result, world prices have risen dramatically since late 1971, by 200 percent or more for products such as urea and diammonium phosphate. Current high fertilizer prices will add to balance of payments problems, which are already critical in many countries as a result of recent petroleum price hikes and high grain prices.

The current fertilizer shortage will probably have the most impact on India, Pakistan, and Bangladesh. India and Pakistan, which depend heavily on nitrogen to continue their Green Revolution, have large deficits. While the fertilizer deficit in Bangladesh is not extreme, it must build rice production quickly to replace the large amounts of rice formerly imported from West Pakistan. Indonesia will also have a large nitrogen deficit. With oil to trade, however, fertilizer supplies appear to be forthcoming.

Production of cash crops such as cotton and sugarcane will probably be most affected by shortfalls in fertilizer supplies. Several countries reportedly plan to allocate available fertilizer supplies in favor of food crops, if necessary. However, wheat production could also be affected—probably more than rice. The high-yielding wheat varieties used with fertilizer and irrigation in North India and Pakistan have evidently been relatively more successful than the high-yielding rice varieties under field conditions. Thailand, the region's major rice exporter, uses comparatively little nitrogen fertilizer and thus should be little affected by the fertilizer shortage.

Table 5--Estimated fertilizer production and consumption in major countries of Asia and Oceania, 1973/74

[illegible]

Sources: Estimated by Economic Research Service based primarily on data from the Foreign Agricultural Service, the Food and Agricultural Organization of the United Nations, and individual country statistics.

To some extent, part of the fertilizer supply problem is in the hands of the developing countries. While many fertilizer plants in most developing countries have been operating at rates approaching 95 percent of capacity, capacity utilization in the developing countries of the world averaged only 66 percent for nitrogen and 58 percent for phosphate in 1972. The principal fertilizer production constraints which these countries face are shortages of raw materials, fluctuations and shortages of electricity, labor problems, faulty equipment, and difficulties in getting imported parts and equipment. Solving these problems and raising operating rates would help alleviate the current shortage, reduce per unit production costs, and reduce the investment in fertilizer plant capacity required to meet future fertilizer needs.

Several countries of the region merit special consideration because of their role as major producers or consumers in the region.

Developed Countries

Japan

Japan is the region's primary exporter of nitrogen fertilizer. Japanese nitrogen production depends heavily on imported petroleum supplies, which have become more expensive in recent months, and whose continued availability has become suspect. Urea production was not subject to the 15-percent reduction in oil and electricity consumption imposed by the Government in January 1974 (voluntary in January, mandatory in February). The ammonium sulphate industry was, however, subject to these cutbacks. Urea production is not expected to decline more than 10 percent during the first 6 months of 1974 and ammonium sulphate by not more than 20 percent.

Urea accounts for about 55 percent of Japan's nitrogen production and 65 percent of its nitrogen exports. Export commitments (already concluded contracts) will be nearly fulfilled—97 percent for urea and 80 percent for ammonium sulphate. Most of these exports will go to the People's Republic of China, India, Sri Lanka, the Philippines, Malaysia, New Zealand, and the Fiji Islands.

Nitrogen fertilizer prices to Japanese farmers, relatively stable in the past, rose 30 percent during January 1974. Phosphate fertilizer prices are expected to increase in 1974. Potassium fertilizer prices will be somewhat stabilized by long-term contracts.

Japanese farmers' fertilizer supplies for the approaching planting season are expected to be adequate and equitably distributed and should have no unfavorable impact on the 1974/75 rice crop, which is expected to be normal.

Australia

There is not yet any indication of a fertilizer shortage in Australia. The main effect of the energy crisis is on the availability of bunker fuel, which may affect fertilizer exports and increase imports costs of fuel used in fertilizer production.

Fertilizer in Australia is used mainly on pastures (60 percent) and on wheat (20 percent). There is a general sulphur deficiency in Australian soils. The use of superphosphate with its sulphur content has been effective in countering this deficiency. Australia is one of the largest producers of superphosphate. Current capacity to produce superphosphate is greater than current demand.

Australia imports a variety of fertilizers, but in relatively small amounts. The main imports are raw materials, especially phosphate rock, crude sulphur, and natural sodium nitrate used to manufacture superphosphate. The main threat here is the availability of phosphate rock—resources on Nauru and Gilbert Island, the main suppliers, are dwindling and may be dissipated by 1980.

Developing Countries

India

Policy changes to make fertilizer manufacture more feasible and profitable are needed in India. The country cannot afford to import the vast volume of fertilizer it will need. Fertilizer use in India fell from 2.70 million nutrient tons in 1972/73² to about 2.5 million nutrient tons in 1973/74. Officials at the Fertilizer Association of India indicated last year that farmers would have paid cash for 3.3 million nutrient tons of fertilizer in 1973/74 had it been available. This would have included 1.8 million nutrient tons of domestic output and 1.5 million tons of imported fertilizer. As it turned out, factory output in 1973/74 fell below 1.45 million nutrient tons and imports were about 1.1 nutrient tons.

Monsoon rainfall in 1973 was slightly above normal and well distributed. If farmers had used an extra 1 million nutrient tons of fertilizer in 1973/74, food grain production might have been about 6.5 to 8 million tons higher than the current estimate of 103 million tons. Estimates for the probable loss in production for various crops in 1973/74 due to the lack of fertilizer include 3 million tons of rice, 2 to 3 million tons of wheat, and 1.5 to 2.0 million tons of coarse grains.

The Soviet Union has already agreed to provide about 108,000 nutrient tons of fertilizer for India in 1974/75—about triple the volume it delivered in 1973/74. Imports from Eastern Europe and Kuwait are also expected to rise. Gains from these sources

²Fertilizer use data are for year ending March 31.

and the United States, Norway, and Canada might enable India to import up to 850,000 nutrient tons of nitrogenous fertilizer in 1974/75. However, fertilizer imports from Western Europe will be down sharply, primarily because of the energy crisis.

India plans to distribute about 3 million tons of fertilizer to farmers in 1974/75. About half of this would come from imports. With favorable monsoon rainfall in 1974, this amount of fertilizer should enable total food grain production to approximate 111 to 114 million tons.

India's fertilizer factories have consistently produced at less than 60 percent of capacity. New plants tend to produce at a somewhat higher level. The opening of new plants should enable India to boost output of nitrogenous fertilizer to 1.33 million nutrient tons in 1974/75 and output of phosphate fertilizer to 320,000 nutrient tons.

Naphtha, the raw material used in the manufacture of about 70 percent of India's nitrogenous fertilizers, is a petroleum byproduct. It takes about 1.2 tons of naphtha to produce 1 ton of nutrient. The price of this raw material accounts for about 35 percent of the direct cost of nitrogen production and is therefore critical to total production costs.

Pakistan

Pakistan is having some difficulty finding fertilizer for the 1974/75 crop year. The growing shortage and very high prices for fertilizer in the world market are due in part to the energy crisis. Supplies of nitrogen and phosphates from domestic production, stocks and scheduled imports will be adequate for needs in the current winter-spring crop cycle. However, the fertilizer outlook for the 1974/75 cotton and rice crops is not promising at present. Imports now on order will run out at the end of April 1974, and Pakistan's domestic capacity will not cover its needs. Given the world price and supply situation and the need to increase its cash outlay for petroleum, Pakistan will be hard pressed to import all the fertilizer required in 1974/75.

Pakistan's rice exports jumped from 300,000 tons in 1972 to about 778,000 tons in 1973 when exports by Thailand and Burma fell sharply. Now that the once-large rice stocks have been depleted, 1974 rice exports will decline. Because of high rice and cotton prices, Pakistan is eagerly seeking fertilizer. It appears that rice production in 1974/75 could be raised by 700,000 tons of paddy if an extra 100,000 nutrient tons of fertilizer could be imported.

South Korea

South Korea recently banned fertilizer exports. It was a major supplier of India's imports of diammonium phosphate in 1972/73. Korean output of nitrogenous fertilizer increased rapidly in the past

7 years, permitting a substantial rise in exports. Consumption increased about 45 percent during the same period. Korea's fertilizer production is continuing to expand but most of the recent increases in output have been channeled into domestic use. The current fertilizer shortage is expected to hamper Government plans to achieve rice self-sufficiency.

Fertilizer use on barley, wheat, and vegetables declined in 1972/73 and so did yields. Korea's total grain production in 1973 was probably about 400,000 tons less than it would have been without a fertilizer shortage. Indications that the grain gap (the difference between actual production and the level possible with adequate fertilizer supplies) could increase by 1 million tons led to the recent ban on exports. Fertilizer exports for 1974/75 are expected to be negligible.

Rice yields in Korea are already high because of the relatively high rate of fertilizer use and extensive irrigation. Total fertilizer use in Korea by 1979/80 should reach 870,000 nutrient tons, compared with a projected 692,000 tons in 1973/74. For Korea, the question is not how the energy crisis will affect its fertilizer output for local farmers, but how it will hamper the blossoming export trade in fertilizers. Many farmers in developing countries of Asia and Egypt were counting on South Korea as a reliable new fertilizer source. South Korea should have more than 100,000 nutrient tons of fertilizer for export in 1979/80 after meeting domestic needs.

Indonesia

Domestic fertilizer production in Indonesia will continue at full capacity, but the development of new fertilizer plants has lagged behind previous proposals. For the next 2 or 3 years, fertilizer use in Indonesia will expand more rapidly than domestic production, which totals only about 20 percent of consumption. In a recent analysis by the Agency for International Development (AID), fertilizer imports (product basis) for 1974/75 were projected at 900,000 tons compared with about 866,000 tons in 1973/74. This estimate appears realistic for several reasons: (1) A larger increase in fertilizer imports would severely strain the transportation and distribution systems (eliminating the present bottlenecks will be no easy task); (2) Japan does not appear capable of supplying larger amounts of fertilizer in the short run; and (3) Fertilizer demand by Indonesian rice growers is probably not sufficient to absorb a large increase. Some Government officials are concerned that increasing fertilizer availabilities at too fast a rate may result in a larger proportion of fertilizer being channeled to estates and nonfood crops rather than to planned increases in food production.

According to current plans, Indonesia should show a rapid increase in fertilizer production by the late 1970's, as more of its petroleum is used for this

purpose. Until this happens, the Government is attempting to maintain imports and channel the available supplies toward rice.

Bangladesh

During the current crop year, shortages of fertilizer and energy are unlikely to affect crop production significantly. Currently above 90 percent of Bangladesh's nitrogen consumption is domestically produced from natural gas; obtaining the balance through imports will be difficult. The effect of the likely shortfall in nitrogen supplies on crop production, although significant, will be less than from normal fluctuations due to weather. Nitrogen imports are actually declining as domestic production increases and should be zero by 1980. The

lack of phosphate rock is more serious and may curtail progress in phosphate fertilizer production and use. However, current consumption is very low and phosphate shortage can hardly reduce crop production significantly. Likewise, potash use is minimal and only future progress would be affected. Bangladesh does have one-half million hectares of cropland dependent on power pumps requiring diesel fuel or gasoline. Undoubtedly, this area is largely planted with HYV rice, now accounting for 25 percent of total production. Should fuel for irrigation pumps be cut, rice production could fall significantly. A complete reversion to traditional varieties due to fertilizer and fuel shortages could result in as much as a 10-percent decrease in production. (Richard B. Reidinger)

AFGHANISTAN

Population of 18.2 million with an annual growth rate of 2.3 percent, 85 percent rural—agriculture accounts for 50 percent of GNP—major agricultural products are wheat, corn, fruits and nuts, rice, cotton, karakul pelts, and wool—major agricultural exports are fruits, karakul pelts, cotton, and wool—major agricultural imports are tea and vegetable oils.

Economic Situation

Afghanistan's GNP during 1969-73 averaged \$1.2 billion annually. In 1972, the GNP was about \$1.4 billion. Agricultural production was up in 1973 because of favorable weather and extensive plantings. Foreign trade decreased during the year because of the changing trade policies of the new Government and the 1973 floods in Pakistan. About 80 percent of landlocked Afghanistan's foreign trade passes through Pakistan's port of Karachi. Land routes were washed out in the floods and Pakistan was unable to transport Afghanistan's goods to and from the port of Karachi.

Afghanistan's economy is primarily agricultural and pastoral. More than 85 percent of the population is engaged directly or indirectly in agriculture and about 10 percent of the population is nomadic and engaged in livestock raising.

Agricultural Production

After 2 years of severe drought, Afghanistan's agricultural production not only recovered in 1973 but increased substantially over 1972. Wheat production increased to a record 2.95 million tons in 1973, compared with 2.25 million tons in 1972. Afghanistan's wheat farmers increased their use of

improved seed by an estimated 25 percent, from 360,000 hectares seeded in 1972 to 450,000 hectares in 1973. The use of fertilizer also rose to 36,000 tons in 1973. Approximately 80 percent of total fertilizer was used for wheat. Precipitation was slightly above normal and came at the right time which facilitated large plantings of dryland wheat.

Production of lint cotton, which averaged about 25,000 tons over the previous 5 years, shows preliminary indications of a substantial gain in 1973. Production could exceed 30,000 tons. The combination of a rise in area devoted to cotton, increased use of fertilizer, and improved cultural practices are primarily responsible for the increase.

Rice production increased from 575,000 tons in 1972 to an estimated 590,000 tons in 1973. Corn production increased from an estimated 670,000 tons in 1972 to about 730,000 tons. Barley production rose from an estimated 250,000 tons in 1972 to an estimated 375,000 tons in 1973. Other crops such as sugarbeets, sugarcane, fruits and nuts, and vegetables were also produced in 1973.

Agricultural Trade

Afghanistan's exports consist mostly of primary and processed agricultural products. The major export commodities are fresh and dried fruits, karakul pelts, raw cotton, carpets, and wool. Total exports increased from \$85.7 million in 1970/71 (April 1970-March 1971) to \$99.7 million in 1971/72 (April 1971-March 1972). The USSR was by far the largest customer, taking about 39 percent of total exports in 1971/72. The United Kingdom was the second best customer that year, taking about 20 percent of total exports. Other major importers of Afghanistan's exports were the United States, India, West Germany and Pakistan. The United States and the United Kingdom were the major importers of

karakul, while West Germany was the major buyer of carpets.

Afghanistan's total imports increased from \$75.4 million in 1970/71 (April 1970-March 1971) to \$81.4 million in 1971/72. Japan was Afghanistan's major supplier, providing about 20 percent of its total imports in 1971/72. Other important suppliers were the USSR, the United Kingdom, and India. Tea, petroleum products, sugar, textiles, and machinery were the major imports during 1972.

U.S. agricultural exports to Afghanistan decreased from \$8.7 million in 1972 to \$1.3 million in 1973. This big drop was precipitated by a major decline in U.S. P.L. 480 wheat exports. In 1972, U.S. wheat exports were about \$7.6 million, compared with only \$489,000 in 1973. U.S. soybean oil exports jumped from \$339,000 in 1972 to \$609,000 in 1973. Other items such

as tallow and dry milk were also exported to Afghanistan.

U.S. agricultural imports from Afghanistan also declined from \$1.7 million in 1972 to \$1.3 million in 1973. U.S. imports included karakul pelts, fur skins, and cashmere wool.

Outlook

A larger wheat crop in 1974 should lead to increased agricultural output. Wheat production may reach 3.7 million tons in 1974, up 25 percent from 1973. Increased trade depends to a large extent on Afghanistan's continued political stability and free traffic through Pakistan, both of which are subject to unforeseeable changes. Afghanistan may export some wheat in 1974, if the forecast production is realized. (Amjad H. Gill)

AUSTRALIA

Population of 13.2 million with an annual growth rate of 1.9 percent, 8 percent rural—agriculture accounts for 7 percent of GNP—major agricultural products are wool, wheat, milk, and beef and veal—major agricultural exports are wool, wheat, beef and veal, and sugar—major agricultural imports are tobacco, fruits and vegetables, rubber, coffee, and tea.

Economic Situation

Australia recovered in 1973 from the unfavorable weather of the previous 2 years. Increased agricultural production and strong world demand brought prosperity to the rural sector.

Australia's GNP increased 13.2 percent to U.S. \$52.9 billion (percent changes calculated in terms of Australian currency) in the year ended June 1973. Inflation is one of the country's most serious economic problems; consequently real growth was only 3.6 percent in 1973, up slightly from the previous year. Strong consumer demand resulting from increased per capita income (\$3,995 in 1972/73) contributed to the rising inflation. The sharp rise in the price of food in Australia reflected the world market conditions for primary commodities. Gross farm income increased 39 percent to \$4 billion in 1972/73, as high prices more than offset increased costs.

Australia's currency was revalued in December 1972 and again in September 1973; this has lowered export receipts from rural products and hurt the competitive position of Australia's exports. Because of these revaluations, plus the U.S. devaluation in February 1973, the Australian dollar has appreciated nearly 33 percent in terms of the U.S. dollar since December 1972. In addition, Australia unilaterally reduced import tariffs by 25 percent in July 1973.

This plus the revaluations has caused a reduction in the price of imports to Australia. Despite these steps the Australian trade surplus has continued to grow.

The balance-of-payments surplus declined 25 percent in 1972/73 to \$1.3 billion, due to a sharp decrease in the net inflow of private capital investment in keeping with Australia's tightening of foreign investment policies. The reduction in the balance-of-payments surplus occurred despite the fact that the trade surplus more than doubled in 1972/73 to \$2.6 billion. Gold and foreign exchange reserves remained around the record level attained in December 1972, when they increased 85 percent to \$6.1 billion.

The Labor Government in 1973 indicated a general policy of reducing assistance to the rural sector. A new Industries Assistance Commission will selectively review subsidies for each commodity. Assistance to the dairy and wool industries will be reduced. A charge of 1.5 cents per pound on meat exports was instituted in November 1973 to cover meat inspection services, formerly financed with Government funds. Although continuing the farm build-up provisions of the Rural Reconstruction Scheme, the Government has reduced the allocation for 1973/74. The 1968-73 Wheat Stabilization Scheme was extended for 1 year pending a wheat policy review.

The fruit industry has received the most help from the Labor Government. The Fruit Industry Reconstruction Scheme, which was initiated after the December 1972 revaluation to assist apple and pear growers, encourages the removal of trees bearing fruit which is surplus to long-term marketing requirements. A Stabilization Scheme for apples, pears, and dried vine fruits guarantees minimum returns for these fruits. A new Apple and Pear Corporation has been proposed to replace the

Australian Apple and Pear Board. It will cover both the export and domestic marketings for these fruits and will also conduct research.

Agricultural Production

Agricultural production increased 6.6 percent during 1973. Crop production increased nearly 25 percent as Australia recovered from the 1972 drought. Grain crops were the biggest factor in the improvement. Livestock production decreased 4 percent due to the sharp decline in the output of mutton and lamb.

Grain crops showed the most spectacular recovery despite heavy rains toward the end of the grain season. Due to excellent finishing conditions and record yields in Western Australia, the 1973/74 wheat crop is the third largest on record, reaching nearly 11.9 million tons. This represents an increase of 82 percent from the drought-reduced crop of 6.5 million tons produced last year. Area increased 15 percent to 9 million hectares. The heavy rains did cause root rot and rust, resulting in nearly 2 million tons of poor quality wheat. In addition, only limited quantities of hard wheat were produced.

Australian coarse grain production increased substantially from the low crops of 1972, but was still well below record years. Output of barley increased 40 percent to nearly 2.5 million tons in 1973/74; although acreage decreased 18 percent to 1.8 million hectares, yields were significantly better than in 1972/73. Production of oats more than doubled in 1973/74, reaching almost 1.2 million tons. Heavy rain and humid weather prevented an even larger crop by causing rust, which resulted in large areas of oats being grazed, cut for hay, or abandoned. Sorghum output declined 23 percent to 942,000 tons due to insect damage, while corn production increased slightly to 195,000 tons as yields improved. Rice production increased 29 percent in 1973 to 188,000 tons, a new high, due to record plantings and good yields.

The livestock industry is of growing importance to the Australian economy. Cattle numbers increased over 6 percent to 29 million head in 1973, while sheep numbers declined a drastic 14 percent to 163 million head. Hog numbers increased slightly.

Beef and veal production continues to increase in response to strong world demand, and most of the expansion in output will be exported. Production of beef and veal increased nearly 6 percent to 1.6 million tons in 1973.

Production of sheepmeats declined sharply in 1973 because of reduced sheep numbers and a marked decline in the slaughtering rate following the upturn in wool prices. This was the third consecutive year of decline for both mutton and lamb since the record output in 1970. Mutton production declined 39 percent to 263,000 tons in 1973 and output of lamb decreased

13 percent to 240,000 tons. Domestic demand for sheepmeat remained strong in 1973, and virtually all lamb and much of the mutton output was consumed in the domestic market.

Meat prices rose dramatically in Australia in 1973. Saleyard prices for beef are related to export prices, and as a result they were pushed up by the high world demand. Limited world supplies of sheepmeats resulted in higher prices for mutton and lamb. In the 9 months to September 1973, prices for mutton, lamb, and cattle increased 145 percent, 75 percent, and 37 percent, respectively, over the same period of 1972.

Wool production in 1973 declined for the fifth consecutive year, decreasing 7.6 percent to 701,000 tons from 1972. The decrease resulted from the continued sharp reduction in sheep numbers, although the clip per head did improve slightly in 1973.

Wool prices were generally much higher during 1972/73 due to the reduced world supplies. However, prices fluctuated widely in response to demand by Japan, Australia's most important customer for raw wool. The average auction price in 1972/73 was \$2.40 per kilo for greasy wool, a 144-percent increase over the previous season.

Production in the dairy sector rose in 1973. Output of whole milk increased more than 5 percent to nearly 7.7 million tons due to higher production per cow. Output of all major dairy products except casein increased, and production of cheese and skim milk powder set new records. In July 1973 the Labor Government announced that the traditional subsidy on butter and cheese production would be phased out over 2 years. Payments will end in June 1975.

Overall oilseed production in 1973 recovered from the low crops of 1972, reflecting higher yields. Consumption of vegetable fats and oils in Australia has been increasing in recent years. Use of oilseed meals for feed, especially in the pig and poultry industries, has also expanded.

Total fruit production increased in 1973. Deciduous fruit output fluctuates in a biennial production pattern in Australia. Apple production recovered 21 percent from the "off-season" 1972 output to reach 434,000 tons. Pear production declined 8 percent as 1973 was an "off-year"; output only reached 167,000 tons. Production of citrus fruits and grapes also declined in 1973.

Australia's cotton output declined sharply from the low crop of 1972 due to floods during the production season. Sugar production was also hurt by heavy rains which reduced sugar content of the cane.

Agricultural Trade

The value of total exports in 1972/73 increased 27 percent to \$8.1 billion, while the value of agricultural exports increased a dramatic 37 percent to \$4.3 billion due to exceptionally high prices. Rural commodities

accounted for over half (53 percent) of the value of total exports, up from 49 percent in 1971/72.

Grain exports were down sharply in 1972/73 as a result of the drought-reduced crops in 1972. Wheat exports dropped 37 percent to only 5.4 million tons, the smallest volume exported since 1968/69. The value of wheat exports declined 33 percent to \$375 million and represented only 9 percent of the total value of agricultural exports. The major wheat markets continued to be Egypt, Japan, the United Kingdom, Malaysia, Soviet Union, and Chile; all but the Soviet Union and Chile took smaller amounts in 1972/73 than in the previous year. The Soviet Union was the largest single market in 1972/73. Wheat sales to China resumed in 1972/73 after a 1 year lapse.

Exports of coarse grains also declined sharply in 1972/73 due to the poor 1972 crops. Japan remained the major export market. Barley exports declined 56 percent to 804,000 tons. Japan, Taiwan, and Korea were the major destinations. Exports of oats in 1972/73 decreased 65 percent to 115,000 tons, and sorghum exports declined 26 percent to 736,000 tons. The value of exports of the 3 major coarse grains declined 41 percent to \$102 million in 1972/73.

The value of exports of the three major coarse grains nearly \$1.1 billion in 1972/73, accounting for 32 percent of earnings from agricultural exports. Australia is the world's major beef exporter. The value of beef and veal exports was up 68 percent to \$851 million, while the volume increased 46 percent to 585,000 tons. Exports represented nearly 62 percent of beef production in 1972/73, up from 56 percent the year before. The United States was the major market for Australian meats in 1972/73, followed by Japan, the United Kingdom, and Canada. Australia remained the largest supplier of U.S. meat imports. The United States imported 322,000 tons of meat—formerly subject to the meat import law—from Australia in calendar year 1973, or 52 percent of total Australian meat exports. The volume was down slightly from 1972.

Mutton and lamb exports declined in 1972/73 due to the smaller output of sheepmeats. Mutton exports were down 22 percent to 157,000 tons. Japan, the major market, took half of the total exports. The Middle East increased mutton imports from Australia significantly in 1972/73, taking 9 percent of the total, and will probably remain an important importer. Exports of lamb declined slightly to 32,000 tons in 1972/73; the United Kingdom remained the major destination, taking nearly half of the total. Both Canada and the United States took only small amounts of Australian lamb in 1972/73.

The volume of exports of greasy wool decreased 3 percent in 1972/73 to 668,000 tons, while the value more than doubled to nearly \$1.4 billion due to exceptionally high prices. This was the highest income from wool exports since 1950/51. Japan

remained the largest single market, purchasing 43 percent of the total. Its substantial purchases resulted from the expanding demand for wool and wool products by the Japanese textile industry, and the desire by the Japanese to build up stocks as insurance against reduced world supplies. Japan, plus the enlarged European Community (EC), accounted for 75 percent of the volume of Australia's wool exports in 1972/73.

Receipts from exports of dairy products increased nearly 17 percent to \$183 million in 1972/73. International prices for most dairy products, except cheese, declined from the high prices in 1971/72. The decline was in response to the re-emergence of EC surplus stocks, especially butter. Australia's export returns from butter and dried milk were up in 1972/73, while earnings from cheese and casein declined slightly. The volume of butter exports increased 27 percent to 70,000 tons. The United Kingdom remained the largest market for butter, accounting for 41 percent or 32,200 tons of the total; this is a sharp increase from the 10,700 tons bought in 1971/72. Most shipments to the United Kingdom were made prior to February 1, 1973, when the phasing in of the Common Agricultural Policy of the EC began. Both the volume and value of cheese exports declined in 1972/73. The volume declined 11 percent to 30,000 tons while the value decreased only 3 percent. Japan remained the major market for cheese, buying 52 percent of the total. Cheese exports to the United Kingdom, which had been the second largest market, declined to an almost negligible 900 tons.

Exports of raw sugar increased slightly to a record 2.1 million tons which earned \$325 million, nearly 10 percent of total agricultural export receipts in 1972/73. Japan took over 580,000 tons or 25 percent of the total, and remained the major market in an attempt to meet further domestic rises in consumption. The United Kingdom purchased 427,000 tons of sugar under the Commonwealth Sugar Agreement. Australian shipments to the United States in calendar 1973 rose to 245,000 tons, compared with 191,000 tons in 1972. Australia was able to supply sugar to the United States on short notice following shortfall declarations for some suppliers. Shipments to Canada, Singapore, and Malaysia rose sharply in 1972/73, while sales to New Zealand fell.

Exports of oilseeds and oils declined sharply in 1972/73, while exports of oilcake and meal reached record levels. Major sources of demand for Australian oilseeds and products continue to be Japan and West European countries.

The value of total Australian imports in 1972/73 increased less than 3 percent to \$4.36 billion. Imports of agricultural commodities amounted to around 6 percent of the total, about the same as in 1971/72.

Fish and fish preparations, beverages, and processed fruits and vegetables accounted for the largest imports of primary commodities.

U.S. agricultural exports to Australia in 1973 totaled \$54.6 million, up from \$35.3 million in 1972. Major commodities exported were: processed fruits and vegetables (16 percent), unmanufactured tobacco (30 percent), and soybeans (11 percent).

U.S. agricultural imports from Australia increased 36 percent to \$675 million in 1973. Meat, the major commodity group, accounted for 82 percent of the total. Other important commodities imported were: cane sugar (6 percent), wool (2.5 percent), and cheese and dry milk (2 percent).

Outlook

Real GNP is expected to rise in 1974, although inflation will undoubtedly remain a serious problem. The energy shortage has caused a sharp increase in the price of petroleum products. This, plus the shortage of bunker oil for shipping has added an element of uncertainty to the potential for export earnings for 1974. The energy shortage has increased fertilizer costs and could affect production of chemical fertilizers.

Floods at the beginning of 1974 will have some detrimental effects on crop and livestock production. However, crop production is expected to continue at a high level in 1974. Wheat production and exports are likely to remain high. At the end of 1973 a long-term wheat agreement with the People's Republic of China was announced; beginning in January 1974 the Australian Government will supply up to 4.7 million tons of wheat over the next 3 years. A new 5-year wheat stabilization plan will begin with the 1974/75

crop. Under this plan, the Government will cover a deficit in the stabilization fund up to \$120 million at the end of the 5-year period. The outlook for coarse grains is mixed—exports of barley and oats will probably decrease further, while shipments of corn and sorghum may increase slightly in 1973/74.

Livestock production is expected to continue to be strong, except for sheepmeats. Despite the heavy floods, which reduced cattle numbers due to drowning, slaughter weights and therefore beef production will probably be up in 1973/74. Exports are also expected to be up, although prices should stabilize. Mutton and lamb exports will be down sharply due to low supplies and strong domestic demand.

While the volume of wool exports will probably decline once again, the value is expected to increase sharply as prices stabilize at a fairly high level during 1973/74. Consumer preferences for natural fibers are expected to continue, and high prices for synthetics due to the oil shortage may accentuate this preference.

Export earnings in the dairy sector are expected to be up in 1973/74. The volume of butter exports will be down slightly, while the export volume of other dairy products will be up sharply. The existence of the United Kingdom as a dairy market virtually ended when it joined the EC. Japan is a possible future dairy market, and Southeast Asia will be an outlet for skim milk powder. Plants in these neighboring countries may be expanded.

A long-term sugar agreement with the People's Republic of China was signed in 1973. Approximately 300,000 tons of sugar will be shipped each year, beginning in 1975, over a 3- to 5-year period. (Diane B. Ellison)

BANGLADESH

Population of 78 million with an annual growth rate of 2.7 percent, 88 percent rural—agriculture accounts for 55 percent of GDP—major agricultural products are rice, jute, and sugarcane—major agricultural export is jute—major agricultural imports are wheat, rice, tobacco, and cotton.

Economic Situation

Bangladesh's economy, based on agriculture, is highly sensitive to the fate of crops. The adverse weather and short harvest of 1972/73 imposed considerable hardships on Bangladesh, demanding great effort throughout 1973 simply to manage current problems. For the second consecutive year, massive food grain supplies were successfully imported with international assistance, and famine was averted. Earnings from jute exports,

Bangladesh's primary source of foreign exchange, were good in 1973, but high grain prices and the commercial purchase of over 1 million tons of wheat decimated Bangladesh's foreign exchange reserves.

Agricultural Production

Bangladesh's agricultural harvests, beginning late in 1973, were generally very much better than those of the previous year. Rice production in 1973/74 is estimated at 12.5 million tons, a 26-percent increase over last year's crop of 9.9 million tons. Wheat production also is expected to be up slightly to about 100,000 tons for 1974. Unusually high food grain prices stimulated farmers to plant larger areas and favorable weather has generally prevailed.

Sugarcane production in 1973/74 is estimated at about 7.0 million tons, up 32 percent from last year's 5.3-million-ton crop. The increase in tobacco

production to about 40,000 tons in 1973 was less spectacular but still a significant 14 percent over the 34,700-ton crop harvested in 1972. The increase was due to expanded area.

Production of jute, Bangladesh's predominant export crop, was down 8 percent in 1973 to 1.08 million tons from the previous year's 1.17 million tons. Jute prices were higher, but jute competes with early crop rice for area. Since rice prices were very much higher some areas may have been transferred to rice.

Production of tea, a subsidiary but increasingly important export crop, increased in 1973/74 by 13 percent to over 27,000 tons. However, production remains 14 percent below prewar levels.

Agricultural Trade

Food grain imports, principally wheat into Bangladesh, were reduced by 22 percent in 1973/74 but remained very large—2.1 million tons, of which over 350,000 tons came from the United States. Almost 2.7 million tons of food grains had been imported in 1972/73, including over 1 million tons from the United States. Phenomenally high rice prices and short supplies reduced 1973/74 rice imports 78 percent to only 83,000 tons.

Bangladesh's cotton imports in 1973/74 are estimated at about 250,000 bales, slightly below 1972/73 imports of 270,000 bales. The United States supplied 114,000 running bales to that market during 1972/73. The reduced level of current cotton imports results from high prices and reduced availabilities.

Imports depend on foreign exchange, which in Bangladesh depends primarily on jute exports. Total official exports of raw jute in 1973/74 are about 450,000 tons, down slightly from official exports in 1972/73 of 475,000 tons. Exports have recovered well from the war-depressed 1971/72 level of 360,000 tons. Actual jute export levels are not fully known because considerable exports, perhaps 175,000 tons annually, are not reported. Jute prices are higher in India and consumer goods, many of which are unavailable in Bangladesh, are cheaper.

Tea exports in 1973 were 20,311 tons, a slight increase from the previous year. Higher prices enabled the value of tea exports to rise substantially during 1973.

U.S. agricultural imports from Bangladesh in 1973 amounted to \$4.7 million, nearly double the 1972 level. Raw jute was the principal commodity. Total U.S. imports from Bangladesh during 1973 reached \$74.1 million and consisted primarily of jute goods classified as nonagricultural.

U.S. agricultural exports to Bangladesh decreased nearly 20 percent in 1973 to \$94 million. The decline was due to large reductions in exports of cotton and soybean oils, which more than offset an increase in

the value of wheat exports. Wheat—worth over \$67 million—was the principal export.

Outlook

Favorable weather and more abundant 1973/74 harvests should improve the general economic situation in Bangladesh during 1974. High jute prices will increase foreign exchange earnings in 1974, but high international prices and short supplies of food grains, fuels, and most industrial and agricultural raw materials will handicap production somewhat and allow little hope for reducing Bangladesh's balance of payments deficit. International aid will remain crucial to Bangladesh's stability.

Crop production in 1974/75, as always, depends heavily upon the weather. Current problems in securing adequate fertilizer imports, if unresolved, also will reduce crop production below current targets. Domestic fertilizer capacity is inadequate even if sufficient raw materials can be procured. Bangladesh must solve its long run fertilizer problems if its agriculture is to meet the future needs of its growing population.

In 1974/75, rice production is forecast to increase slightly to about 12.8 million tons and wheat output is expected to remain unchanged at 100,000 tons. Greater domestic per capita food grain production should ease the food situation in rural areas during 1974, but the effect on the Government's grain needs for distribution in the cities and deficit areas depends on private commercial activity and Government success in procuring rice in surplus areas. The current procurement program is not likely to obtain the target of 350,000 tons and is thus unlikely to significantly reduce import needs. Future import estimates vary greatly; the recently published Five Year Plan reported deficits of 1.2 million tons for 1973/74 and 500,000 tons for 1974/75. Currently scheduled for delivery during 1974 are over 1.3 million tons of food grain imports, 1.0 million tons on commercial account and 330,000 tons as grants or on concessional terms. The latter includes 73,000 tons from the United States under P.L. 480. The Canadian Wheat Board has reserved for Bangladesh up to 500,000 tons in 1974, 400,000 tons in 1975, and 300,000 tons in 1976, to be financed partly by grants with the remainder being commercial purchases.

To finance continuing large food grain imports and expand imports of much needed nonfood goods will require not only continuing international aid but also strong exports of jute and jute manufactures. Increasing costs of petroleum-based synthetic fibers should improve the economic competitiveness of jute. However, jute prices have risen only slightly during the past year. Early in 1974 the Government of Bangladesh increased the jute support price by 20 percent and announced an elaborate program to

improve all jute-related activities. At present, the 1974 jute crop is expected to increase slightly but probably remain less than 1972 output.

Bangladesh's tea export efforts continue to be hindered by low quality, low yields, and collapse of

established trading channels. No tea was exported from 1967/68 until 1971/72. Currently, prices are considered good by the growers and barter agreements with Eastern Europe have been arranged to stimulate tea exports. (Gene R. Hasha)

BURMA

Population of 29.4 million with an annual growth rate of 2.2 percent, 69 percent rural—agriculture accounts for 37 percent of GDP—major agricultural products are rice and groundnuts—major agricultural exports are rice and teak—major agricultural imports are dairy products, wheat flour, and vegetable oils.

Economic Situation

During 1973, Burma's economy labored with the legacies of depressed agricultural production in the 1972/73 crop year because of adverse weather. Burma normally has a serious shortage of foreign exchange; but the shortage in 1973 was worse than expected since actual 1973 rice exports, Burma's primary source of foreign exchange, amounted to less than 15 percent of the original estimates upon which the Government's budget and import program were based. Serious reductions in imports and capital expenditures needed for economic growth undoubtedly resulted. Consequently, price increases were substantial; in mid-1973, retail rice prices rose as much as 400 percent in only a few months.

Agricultural Production

Rice production for 1973/74 is estimated at about 5.2 million tons, a 14-percent increase over the previous year's production. The 1973/74 rice harvest is the highest in years, but it still is less than the record harvest of 1964/65. Burmese rice production has been stagnant for over a decade.

Agricultural Trade

Rice normally accounts for almost half the value of all Burmese exports. Rice exports for 1973 were only 146,000 tons, down 72 percent from 1972 exports of 519,000 tons. In 1971, almost 800,000 tons were exported. All but 10,000 tons were exported during the first half of 1973; consequently the Burmese did not benefit greatly from the phenomenal increase in world rice prices during 1973. Total 1973 rice exports were valued at only about \$20 million, less than half the value of 1972 rice exports. The Burmese Government has experienced increasing difficulty in recent years in procuring surplus rice from farmers.

U.S. agricultural imports from Burma were valued at only \$6,000 in 1973. U.S. agricultural exports to Burma fell to only \$3,000 in 1973 from \$484,000 in 1972. Dried milk products were essentially the only items exported in 1972; availability of these products was greatly reduced in 1973 and was the primary reason for the decrease in U.S. exports.

Outlook

A good rice harvest in 1973/74 has greatly improved the outlook for the Burmese economy and for rice exports in 1974. Early in 1974, the Government continued to have difficulty procuring paddy despite the near-record crop. The deadline for compulsory delivery to Government procurement centers was not until March 31. However, if current procurement proceeds at the rate normal in recent years, Burma will have only about 350,000 tons of rice for export in 1974. (Gene R. Hasha)

HONG KONG

Population of 4.3 million with an annual growth rate of 2.5 percent—agriculture accounts for 1 percent of GDP—major agricultural exports are vegetables, sugar, and bakery products—major agricultural imports are cotton, livestock, and fruits and vegetables.

Economic Situation

Hong Kong's economy continued to flourish in 1973. Foreign investments increased and arrivals of tourists and business travelers reached a new peak.

New port facilities handled a growing volume of goods, including many items involved in the booming Sino-American trade.

Per capita income continued to rise sharply, surpassing \$1,200. Prices for rice and meat increased sharply. Consumer prices increased by more than 10 percent. The increase would have been higher without steady arrivals of reasonably priced livestock, fruits and vegetables, and raw materials from the People's Republic of China (PRC).

The energy crisis has not adversely affected Hong Kong's economy because of rising imports of petroleum products from a nearby source—the

People's Republic of China. The growing imports of relatively low-cost food and various raw materials from this source have also helped to lessen the rate of inflation in Hong Kong.

International trade, services for foreigners, and tourism continued to provide more jobs. Employment opportunities for capable workers have increased markedly in the last 4 years, and a shortage of factory workers is a deterrent to further expansion. Hong Kong is becoming more important as a shopping and investment center for residents from other Asian countries.

The textile industry accounts for about half of Hong Kong's exports and 46 percent of its industrial labor force. Recent hikes in prices for synthetic fibers made from petroleum byproducts and difficulty in importing cotton yarn resulted in programs to import more cotton.

Output of plastic products, toys, electronics, footwear, and watches continued upward in 1973. A new \$5 million plastics factory will provide raw materials for the expanding toy industry at a lower cost than importing raw materials from Japan.

The upward revaluation of the Hong Kong dollar provided a windfall in foreign exchange for Hong Kong's importers of U.S. products and also for the People's Republic of China. Peking earned about \$1 billion in foreign exchange in 1973 from exports to Hong Kong and from various financial transactions there. Many Hong Kong residents send money and products to relatives in China. The People's Republic of China relaxed travel regulations for Hong Kong residents wishing to visit their relatives in 1973.

Agricultural Production

Farm families earn about 50 percent more annually than the average urban family in Hong Kong. Intensive use of about 30,000 acres of cropland in the New Territories produced crops and livestock products valued at more than \$140 million in 1973. Market gardening continued to gain importance as more rice paddy land was planted in vegetables. Some farmers grow more than six crops of vegetables per year on the same land. About 45 percent of the vegetables sold in Hong Kong are produced locally. During the last 15 years, the area planted in vegetables increased from 3,615 to about 10,400 acres.

Flower production is a \$5 million a year business for Hong Kong's prosperous farmers. The leading products are gladioli, chrysanthemums, and peach blossoms. The demand for cut flowers in Hong Kong is greater than domestic ability to produce; consequently flower imports have risen in recent years.

Local fisherman provided about 95,000 tons of seafood for Hong Kong in 1973. Local farmers provided about half of the live poultry and 14 percent of the hogs slaughtered.

Agricultural Trade

Hong Kong's total imports reached \$5.6 billion in 1973, including about \$1 billion for farm products. Exports totaled \$3.8 billion. Reexports, tourism, and a strong inflow of capital provided enough foreign exchange to more than fill the trade gap. Under arrangements made with the International Monetary Fund (IMF), the Hong Kong dollar was revalued in 1973.

Japan supplied more than 23 percent of Hong Kong's total imports during 1970-73, including a wide range of industrial equipment and synthetic fibers. The People's Republic of China supplied about one-sixth of Hong Kong's total imports but about one-third of the food imports. The United States provided about one-eighth of total imports.

Imports of live hogs from the People's Republic of China approximated 2.6 million head worth about \$125 million in 1973. Larger imports of Chinese and American rice helped to offset reduced arrivals from Thailand and the complete loss of Cambodia as a supplier.

The United States accounted for about two-fifths of Hong Kong's total exports in 1973; the United Kingdom, one-seventh; and West Germany, one-tenth. Taiwan bought about 1.5 percent of Hong Kong's exports and the People's Republic of China took even less. Clothing accounted for over 35 percent of the exports. Textile yarn and fabrics, electrical machinery and appliances, toys, watches, and transistor radios were other imports and exports.

Agricultural exports increased slightly to more than \$135 million with about 5 percent of the shipments going to the United States. Bakery products and various processed foods accounted for most of the food exports.

Total U.S. exports to Hong Kong reached \$723 million in 1973—\$700 million less than our imports from Hong Kong. Since Hong Kong's exports to PRC totaled less than \$30 million in 1973, the strong trade surplus with the United States almost offset the trade deficit with PRC. The surplus recorded with Hong Kong by PRC also enabled it to pay in convertible currency for large purchases of U.S. agricultural commodities and some transport machinery.

U.S. agricultural exports to Hong Kong reached a record \$147.9 million in 1973—slightly more than double the \$67.7 million in 1972. Higher prices accounted for part of the increase, but many of the purchases occurred in early 1973 before commodity prices had reached high levels. Most of the increase was due to dramatic gains in U.S. exports of cotton, rice, and a long list of horticultural products. A sharp reduction in imports of cotton and yarn from Pakistan caused Hong Kong's textile manufacturers to turn to the United States as a major source. Stocks of cotton remain below desired levels, and shortages of synthetics have furthered plans to buy even more

U.S. cotton in 1974. Despite problems with scheduled shipment of some purchases, U.S. cotton exports to Hong Kong increased from 61,000 bales in 1972 to 239,000 bales valued at \$36.7 million in 1973.

Regulations requiring 38 licensed companies to import a specified amount of rice each month contributed to large purchases of U.S. rice in the summer of 1973. When Thailand banned rice exports and Chinese sources were committed to supply other markets, the United States remained the only reliable supplier for certain quality grades of rice. U.S. rice exports to Hong Kong in 1973 reached 66,000 tons—10 times the 1972 volume. The value jumped from \$1.2 million to \$27.9 million.

Oranges accounted for \$16.2 million of the \$24.8 million recorded for our exports of fresh fruit to Hong Kong in 1973. Grapes, apples, lemons, and plums accounted for most of the remainder.

Our exports of fresh vegetables to Hong Kong increased from \$1.2 million in 1972 to \$2.5 million in 1973, partly because of improved transportation

facilities. Shipments of California lettuce more than doubled and celery almost doubled. Our deliveries of onions, green pepper, and tomatoes were more than four times the quantity recorded in 1972.

Hong Kong is an important export market for U.S. frozen poultry, poultry feed, ginseng, and various processed foods. It is our largest export market for cigarettes and a small but steady market for our tobacco.

Outlook

Hong Kong's economic growth during 1974 is likely to gain more than 7 percent. Demand for imported raw materials will continue to rise. Larger exports of cotton and fresh produce should push U.S. agricultural exports to Hong Kong in 1974 above \$200 million. Agricultural imports from the People's Republic of China in 1974 might reach \$500 million. (John B. Parker, Jr.)

INDIA

Population of 591 million with an annual growth rate of 2.4 percent, 69 percent rural—agriculture accounts for 43 percent of GDP—major agricultural products are rice, wheat, sugarcane, millets, peanuts, and sorghum—major agricultural exports are oilseed products, tea, tobacco, and cashew kernels—major agricultural imports are wheat, sorghum, and vegetable oils.

Economic Situation

Monsoon rainfall was slightly above normal during the summer of 1973 and well distributed. Crop production in 1973 was about 10 percent higher than the low level in 1972. The recent winter drought and input shortages caused reductions in 1974 harvests of wheat and pulses. The rebound in agricultural output in 1973 helped offset stagnation in some important industries. Real national income increased about 6 percent in 1973 in contrast to a 2 percent decline in 1972.

Shortages stemming from the 1972 drought and a dramatic increase in the circulation of currency caused the rate of inflation to accelerate. Wholesale prices increased 26 percent in 1973, compared with 14 percent in 1972. The improved 1973 harvest did not bring a reduction in food prices.

Demand for food was bolstered by a rise in population, increased monetary outlays through rising public budget deficits, and lower household stock levels. This contributed to further price hikes. Sharp increases in international grain prices also influenced prices in India, because it became evident

that no large imports would be made for distribution at fair-price shops. Fixed prices in the fair-price shops are much lower than those on the open market. Food prices increased 23.4 percent in 1973, compared with 14.6 percent in 1972 and about 2.3 percent in 1971.

Calcutta witnessed an economic revival after several years of political uncertainty and labor disputes. Hikes in prices for synthetic fibers made from petroleum products also caused prices for jute products to rise in late 1973. Since India and Bangladesh both had good jute harvests in 1973, prices normally would have fallen. Factories in West Bengal and Bihar produced more jute textiles, steel, and engineering goods in 1973. A bumper rice crop and the resumption of considerable arrivals of rice from Nepal eased Calcutta's food shortage.

In contrast, consumers in Bombay and industrial cities of Gujarat were squeezed by higher food prices and more expensive food delivery. Bombay is one of India's most prosperous industrial centers. During the era of plenty from 1967 through mid-1972, Bombay's industrial workers spent less than half their income on food. Higher prices have now pushed their food costs to more than 65 percent of their income. Most of the fair-price shops in cities of western India depend upon deliveries from grain procured in northern India rather than from nearby farms. Government procurement shortfalls have meant limited supplies in fair-price shops and in turn hardship for urban consumers in deficit states. Maharashtra, Gujarat, and Kerala must obtain more than one-third of their food supply from other states or imports.

The two major producing states, Punjab and

Haryana, produce about twice the quantity of food their population needs. These states again provided over 70 percent of the wheat procured by the official Food Corporation of India in 1973. Food shortages in New Delhi were less acute than in western and southern India because it is located in the midst of the surplus food zone.

Open-market prices of some cereals and pulses have increased more than 35 percent in the past 18 months, resulting in larger consumer purchases at the low fixed prices charged in the fair-price shops. Larger harvests of rice and coarse grains provided relief for consumers in the Gangetic Plain in 1973. Less than 5 percent of these grains were procured by the Food Corporation for distribution to the food deficit areas, which includes most of the teeming port cities. The deficit food areas in India require about 1.5 million tons of grain per month to provide about one pound of grain per inhabitant.

Government procurement prices paid farmers for rice for the 1973/74 season were increased by about 28 percent, but still remained well below open market prices. The minimum procurement price for milled rice is about \$140 per ton. Government procurement of rice in surplus areas for shipment to deficit areas might exceed 2 million tons in 1973/74 but probably will not reach the target of 2.9 million tons.

Government procurement prices for wheat were recently increased to \$140 per ton. Since 1968, farm input costs have increased more than 50 percent. Efforts to nationalize wheat wholesale trade last spring failed to boost the level of Government procurement, which actually fell from 5.1 million tons in 1972 to less than 4.5 million tons in 1973. Recently announced plans will allow purchasing agents from governments of grain deficit states to pay prevailing open market prices for wheat in surplus areas. The ban on private movement of commercial quantities of wheat from one state to another still exists. That regulation, for example, enables buyers in Amritsar, Punjab, to pay one two-thirds of the open market price for wheat that might have to be paid in Bāroda, Gujarat.

Recent hikes in world prices for crude petroleum pushed India's fuel import bill beyond \$1 billion in 1973, compared with about \$385 million in 1972. However, recent arrangements made with Iran and Iraq to provide commodities and services in exchange for crude petroleum imports will soften the adverse impact on India's trade position. India is expected to use its wide industrial base to provide many commodities for Iran in 1974, including 300,000 tons of cement and 65,000 tons of steel products. Iran plans to provide India with \$300 million in credit to develop iron ore and bauxite mines. New factories are to be built in Iran to use these minerals. Iran already has investments in fertilizer manufacturing in India and further investments are planned.

Following Iran, the second largest supplier of India's crude petroleum imports is Iraq. India plans to build metallurgical factories and provide agricultural equipment for Iraq in exchange for petroleum.

Arrangements to maintain India's imports of crude petroleum at 1973 levels without extra payments of foreign exchange will have a favorable impact on the fertilizer situation in two ways. Supplies of naphtha, the raw material for manufacturing about 70 percent of India's nitrogenous fertilizer, will be more available. In addition, foreign exchange for financing fertilizer imports will be easier to obtain.

India's fertilizer use declined from a record 2.7 million nutrient tons in 1972/73 to about 2.4 million nutrient tons in 1973/74. It now appears that use during 1974/75 will have difficulty in reaching the previous peak. Domestic fertilizer production increased from 610,000 nutrient tons in 1967/68 to 1,385,000 nutrient tons in 1972/73. Shortages of naphtha, power failures, and delays in opening new factories limited gains in factory output of fertilizer in 1973/74. Imports of fertilizer declined slightly from about 1.22 million nutrient tons in 1972/73 to about 1.07 million nutrient tons in 1973/74. Larger imports from Japan and the United States helped offset declines in fertilizer arrivals from Europe.

India's tractor boom is likely to run into trouble as higher fuel bills reduce local demand. New factories near Chandigarh and in Uttar Pradesh raised India's capacity to manufacture tractors beyond 40,000 annually. Imports of tractors have dwindled to only experimental models. In 1971/72 India imported about 16,500 tractors, almost as many as it manufactured. In 1973/74 about 28,000 tractors were assembled and sold to farmers. India's farmers now operate over 200,000 tractors.

Agricultural Production

Favorable rainfall contributed to a rebound in India's crop yields in 1973, following the low levels caused by drought in 1972. In contrast to below normal rainfall experienced in 1972, rainfall during June-September 1973 was about 4 percent above normal and well distributed. Larger harvest of kharif crops (those grown during the summer and harvested in the autumn and winter) reflected the favorable impact of excellent rainfall last summer.

India's food grain production declined from a record 108.4 million tons in 1970/71 to only 95.2 million tons in 1972/73. Current estimates for food grain production in 1973/74 approximate 103 million tons. This includes a record 43.5 million tons of rice—up 13 percent from the drought-reduced 1972/73 crop, but only 1 percent above the 1971/72 harvest. Coarse grain production in 1973/74 is estimated at 28 million tons—up 27 percent from the low level in

Table 6--India: Production of food grains by season and crop, July-June 1965/66-1972/73 and forecast for 1973/74

	: 1965/66	: 1966/67	: 1967/68	: 1968/69	: 1969/70	: 1970/71	: 1971/72	: 1972/73	: Forecast 1973/74
Rabi crops 1/									
Wheat	10,394	11,393	16,450	18,651	20,093	23,833	26,410	24,923	22,000
Barley	2,382	2,348	3,504	2,424	2,716	2,865	2,571	2,327	2,100
Grain sorghums	2,485	3,895	3,313	3,597	3,296	2,285	2,361	1,476	1,500
Rice	1,160	1,816	2,299	2,634	2,839	2,666	3,076	2,687	3,000
Total cereals	16,451	19,452	25,566	27,306	28,944	31,649	34,424	31,413	28,600
Chickpeas	4,224	3,622	5,971	4,309	5,546	5,199	5,081	4,469	4,300
Pigeon peas	1,733	1,130	1,741	1,816	1,342	1,883	1,683	1,748	1,200
Other pulses	2,505	2,269	2,661	2,825	2,661	2,740	2,677	2,181	1,800
Total pulses	8,462	7,021	10,373	8,950	10,049	9,822	9,441	8,171	7,300
Total Rabi food grains	24,913	26,473	35,939	36,256	38,993	41,471	43,865	39,720	35,900
Kharif crops 2/									
Rice	29,429	28,612	35,403	37,127	37,591	39,476	39,992	35,945	40,500
Grain sorghums	5,096	5,329	6,735	6,207	6,425	5,820	5,361	4,967	7,100
Corn	4,823	4,894	6,270	5,701	5,674	7,846	5,101	6,206	6,300
Bajra	3,752	4,468	5,185	3,802	5,327	8,029	5,319	3,795	7,500
Small millets	1,555	1,488	1,907	1,804	1,732	1,988	1,669	1,474	1,700
Ragi	1,327	1,631	1,884	1,648	2,117	2,155	2,209	1,914	2,100
Total cereals	45,982	46,422	57,384	56,289	58,866	64,954	59,651	54,301	65,200
Total pulses	1,482	1,336	1,729	1,468	1,642	1,996	1,653	1,181	1,800
Total Kharif food grains	47,464	47,758	59,113	57,757	60,508	66,950	61,304	55,482	67,000
Total cereals	62,433	65,874	82,950	83,595	87,810	96,603	94,075	85,714	93,800
Total pulses	9,944	8,347	12,102	10,418	11,691	11,818	11,094	9,488	9,100
Total food grains	72,347	74,231	95,052	94,013	99,501	108,421	105,169	95,202	102,900
Rainfall index 3/	73.0	80.8	104.2	87.7	96.8	109.5	107.2	78.5	104.5
Fertilizer use	757	1,203	1,166	1,675	1,990	2,177	2,620	2,700	2,340

11/ Grown in winter and harvested in spring.

2/ Grown in summer and harvested in autumn and winter.

3/ Based on rainfall reports from 30 weather stations and calculation based upon 1970/71 production in each weather district. An index of 100 would indicate normal rainfall well distributed through major producing areas.

Source: Estimates of Area and Production of Principal Crops in India, 1971/72 and final estimate reports for 1972/73 published by Ministry of Agriculture, New Delhi, India.

1972/73. Good rainfall in western and central India this summer contributed to marked gains in yields for bajra and grain sorghums.

Kharif food grain production in 1973/74 was about 67 million tons—up 11.5 million tons from 1972/73. Production of rabi food grains (grown in the winter and harvested in the spring) declined from a record 43.9 million tons in 1971/72 to 39 million tons in 1972/73. Problems caused by shortages of irrigation water and fertilizer in the beginning of the rabi season in 1972/73 were compounded by unusually hot weather in March 1973 and rust disease problems for wheat.

Dry weather in January and February this year dashed India's hopes of a 30 million ton wheat crop. The wheat harvest in 1974 is currently estimated at 22 million tons. In addition to the dry weather, a shortage of fertilizer and disease problems have been blamed for lower yields. The strong performance by high-yielding varieties on irrigated land should prevent the crop from being even lower.

A somewhat more pessimistic picture is given by a group of outside agricultural experts who toured the wheat area in March 1974 to review the food situation. They estimate a wheat harvest of around 20 million tons—down from other estimates because of inadequate supplies of fertilizer, shortages of diesel fuel to operate irrigation pumps, and a combination of cold weather, drought, and rust. These conditions and a wheat harvest of no more than 20 million tons suggest to them a total grain harvest of as low as 100 million tons.

High-yielding varieties accounted for almost half of India's grain production in 1973/74, although they covered only about one-fourth of the area planted. They were planted on the most fertile irrigated land and were given heavier applications of fertilizer, which undoubtedly contributed to their higher yields. High-yielding varieties accounted for almost two-fifths of the rice output in 1973/73 and nearly one-fourth of the coarse grains.

The total area planted in high-yielding varieties of wheat increased from 541,000 hectares in 1966/67 to about 10.0 million hectares in 1972/73 and remained about the same in 1973/74. Production from these varieties increased from about 1.3 million tons in 1967 to about 18 million tons in 1973. High-yielding varieties account for over 90 percent of the area planted in wheat in the new irrigated producing areas of West Bengal, Bihar, and Gujarat. The old wheat-growing region within a 300-mile radius of Delhi is likely to produce less wheat this year than in 1972. Yet, gains in eastern India are likely.

The area planted to pulses declined to only 20.4 million hectares in 1972/73—the lowest level in 20 years. Pulse production declined from 11.1 million tons in 1971/72 to only 9.5 million tons in 1972/73. Many farmers now grow high-yielding varieties of

wheat or rice during the winter on land formerly planted to pulses.

Open market prices for pulses in December 1973 were 20 percent higher than a year earlier, while rice prices were up 28 percent and wheat increased only 6 percent.

Oilseed production rebounded in 1973/74 but farm prices remained high because of high world prices, low stock levels, and rising demand for cooking oil. Peanut production reached 6 million tons in 1973—up 53 percent from the low 1972 level when drought crippled yields in western India. Output of sunflowerseed, a relatively new crop, approximated 100,000 tons in 1973. Soybean production reached 70,000 tons—more than double the 1972 level. Rapeseed production in the spring of 1973 approached 2 million tons, about one-third higher than in 1972.

India's castor bean production reached a record 175,000 tons in 1973, when world castor oil prices were high because of the short crop in Brazil. Increased output of safflower and sesame provided materials for exporters sending more animal feed to Japan.

Late summer floods reduced the 1973/74 cotton crop to 1.2 million tons, just slightly above the previous year's outturn. A shift to greater production of medium and long staple varieties was intended to reduce the import need, but the short crop in 1973/74 has kept production below domestic requirements. A record jute crop estimated at about 1.3 million tons was produced in 1973. Improved fiber supplies contributed to a rise in urban employment.

Vegetable production in 1973 was about 33 million tons. Production of potatoes exceeded 5 million tons, and a large part of the output was preserved for several months after harvests in cold storage warehouses. Sweetpotato production approximated 1.8 million tons in 1973. Production of eggplant and onions exceeded 1.5 million tons each in 1973, and tomato production approximated 1 million tons.

Fruit production increased slightly to about 15 million tons in 1973, including 7.1 million tons of mangoes and about 3.5 million tons of bananas. Orchards in the Himalayan foothills provided about 270,000 tons of apples and 35,000 tons of pears for distribution throughout India.

Shortages of irrigation water in 1972/73 reduced sugarcane yields in 1973 and the lack of moisture will limit the degree of recovery in 1974. Tea production continued to increase in 1973 because of new plantings by small farmers in Assam. Production of coconuts, coffee, and rubber increased in 1973, mostly because of increased plantings in southern India.

Agricultural Trade

After falling to a low of about \$350 million in 1972,

India's agricultural imports rose in 1973 to about \$650 million. Larger imports of wheat and grain sorghums accounted for most of the increase. Imports of palm oil from Malaysia and fresh vegetables from Bangladesh also increased sharply. Imports of dry milk from Europe and the United States fell sharply because of scarcity in the supplying countries.

Wheat was the most important agricultural import in 1973, followed by grain sorghums, cashew nuts, and cotton. India's wheat imports climbed from a low of 315,000 tons in 1972 to about 3 million tons in 1973. This included 1.8 million tons of wheat from the United States, 0.6 million from Canada, 0.2 million from Argentina, and 0.4 million provided through the Soviet grain loan. All of the 1973 deliveries of wheat on the Soviet account came from Canada and Australia.

India received about 182,000 tons of Soviet-produced grain in January and February 1974. About 1 million tons of Soviet-financed wheat is expected in early 1974. If the 1974 wheat harvest in the Soviet Union is near last year's record crop, additional deliveries to India should be expected. India's total exports (mostly textiles and tropical agricultural products) to the Soviet Union exceeded \$350 million in 1974—more than double the value of India's imports from the Soviet Union. Additional deliveries of Soviet wheat could help narrow this trade gap.

India imported about 1.3 million tons of grain sorghums in 1973. The United States provided 917,000 tons and Argentina supplied about 350,000 tons.

Imports of vegetable oils remained far below consumer needs. Retail prices for some types of cooking oil almost doubled in 1973. Imports of 88,000 tons of rapeseed from Canada for crushing and over 70,000 tons of Malaysian palm oil were not sufficient to calm rising shortening prices. About 30,000 tons of soybean oil were imported from the United States and Europe—far less than the 145,000 tons purchased in 1971.

India's agricultural exports climbed from about \$750 million in 1972 to approximately \$1 billion in 1973. Export prices for peanut meal and other oilseed products, especially castor oil, were markedly higher—generally more than double. Exports of peanut meal fell from 855,290 tons in 1972 to 817,000 tons in 1973, but higher prices caused the value to jump from about \$80 million to about \$160 million. Exports of castor oil increased from 41,499 tons in 1972 to 50,000 tons in 1973 and the value surpassed \$40 million for the first time. Exports of cottonseed cake and meal zoomed from 127,453 tons in 1972 valued at \$9 million to a record 250,000 tons worth more than \$20 million. Total exports of oilseeds and oilseed products exceeded \$270 million in 1973.

Export prices for tea were about one-sixth above those recorded in 1972. Exports were valued at below

\$240 million. Tobacco exports, at an estimated 84,448 tons, were slightly above the record 79,552 tons recorded in 1972. Larger exports to the quality market in the United Kingdom and higher average prices caused the value to increase slightly to about \$80 million in 1973. Bangladesh is an important new market for India's tobacco and cotton. India's cotton exports reached 80,000 tons in 1973 for a value of about \$33 million. Exports of cotton and cotton textiles to Japan, the USSR, and Eastern Europe increased markedly.

Export prices for cashew kernels during 1973 were almost double the 1972 average. This pushed the value of the 57,000 tons exported last year to a record of more than \$130 million. Much higher prices for pepper also caused the value for pepper exports to reach a new peak of more than \$26 million. India exports about two-thirds of its coffee crop. Coffee exports surpassed the previous record of \$40.8 million in 1971. Sugar exports were down in 1973, but a marked recovery is scheduled for 1974. Larger exports of basmati rice to Mideast markets are also planned for 1974.

Outlook

India's economic prospects for 1974 are mixed. Drought reduced yields for wheat and pulses grown during the winter, and food import needs are rising. Imports of fuel and fertilizer will require much more foreign exchange in 1974 even if no increase in volume occurs. India produces over 97 percent of its food supply and over half of its fertilizer and one-third of its petroleum needs.

There are some bright spots in India's economy which will enable it to cope with sharply higher bills for imports of fuel, food, and fertilizer in 1974. Higher prices for its exports of jute and cotton textiles, oilseed products, tobacco, and coffee will push the value for exports of agricultural commodities and products made from them beyond \$2 billion. Recent arrangements with Iran will provide \$300 million as a foreign exchange inflow for development of iron ore and bauxite mines. Exports of minerals for use as raw materials in new industrial developments in oil rich countries of the Mideast will increase. New arrangements to allow investments from those nations in joint projects with Indian capital for building fertilizer factories and other projects in India will enhance India's economic growth.

India's total exports in 1974 might reach \$3.5 billion. The United States is likely to remain India's largest export market. We are their largest foreign market for jute products (especially carpet backing), cotton textiles, cashew kernels, and over a dozen light industry items. Indian exports to the USSR are expected to exceed \$450 million in 1974. Japan and the United Kingdom will be the next largest markets.

India's wheat trade was recently denationalized.

Private traders will again be permitted to buy wheat from farmers without quantitative restrictions. Yet, they must deliver half of the wheat purchased from farmers to the Food Corporation for \$140 per ton. New arrangements to allow purchasing agents from deficit states to buy wheat in surplus states should ease food shortages in Bombay and industrial cities of Gujarat in early 1974. Wheat procurement at higher prices by central and state governments

combined in 1974 should exceed the 4.5 million tons procured by the Food Corporation of India in 1973.

India's grain imports could reach 8 million tons in 1974. This would include more than 2.5 million tons of wheat and grain sorghums from the United States. About 1.6 million tons of wheat will be imported through a Soviet grain loan. France and Canada are expected to provide larger quantities of wheat late in 1974. (John B. Parker, Jr.)

INDONESIA

Population of 125 million with an annual growth rate of 2.5 percent, 66 percent rural—agriculture accounts for 44 percent of GDP—major agricultural products are rice, rubber, cassava, corn, and tobacco—major agricultural exports are rubber, coffee, palm oil, tobacco, tea, and pepper—major agricultural imports are rice, wheat, and cotton.

Economic Situation

Indonesia's real GDP grew an estimated 7.8 percent in 1973, with the agricultural sector showing its first sizable gain in 4 years. The petroleum sector continued to spark the economy, with oil production reaching 1.4 million barrels per day at the end of 1973 and exploration intensifying. Increased petroleum exports have precipitated a remarkable turnaround in the country's balance of payments position and foreign exchange reserves. Indonesia's reserves—which were negative as recently as 1971—are now close to \$1 billion.

Although Indonesian food production showed substantial recovery in 1973, the tight worldwide food situation reduced the availability of food aid and pushed up prices for commercial imports, making it costly to fill the gap. The shortage of grains entering the world market has resulted in rising consumer prices. Soaring export earnings, overseas inflation reinforced by rupiah devaluation, and rapid increases in domestic credit have all contributed to a rapid inflation rate, which approximated the 26 percent recorded in 1972.

Despite the Government's attempts to stabilize rice prices at a level that would provide adequate incentives to producers and adequate nutrition for the urban populace, prices traced an erratic course during the year. Retail rice prices in Jakarta stood at \$133 per ton in September 1972. Prices rose to a peak of \$205 in January 1973 after several attempts to purchase additional rice had failed. They then declined during the next 4 months after large rice imports arrived. But in June, when it became evident that the rice crop would be late and below expectations, prices soared to \$289 per ton, reflecting

a severe upheaval in the Government's stabilization program. By the end of the year, rice prices had leveled off at slightly over \$200 per ton. The Government's attempt to build a rural cooperative system to purchase rice for stockpiling was largely unsuccessful and Government rice procurement fell far short of expectations.

Agricultural Production

Aggregate agricultural output increased 8 percent in 1973 as production of all major commodities was above the 1972 level. No official Government estimates have been released for the 1973 rice crop but it is estimated at 13.2 million tons, nearly 7 percent higher than the drought-stricken 1972 crop. The main season rice crop, which is normally harvested from April to June and accounts for about 70 percent of the country's total rice output, was harvested 4 to 6 weeks late because drought delayed planting. The main season crop outturn was about the same as in 1972. Most of the increase in Indonesia's rice production during 1973 occurred in the dry season crop (October-December), which benefitted from favorable weather during the growing season in contrast to the severe drought conditions of a year ago.

Government-sponsored rice production programs have generally been effective, despite the unsettling effects of volatile rice prices. Under the BIMAS³ program, authorities coordinate the procurement and distribution of improved seeds, fertilizers, and other imports through both official and private channels. Credit facilities are provided by Bank Rakyat Indonesia, the state agricultural bank. The BIMAS scheme now covers about 25 percent of Indonesia's rice area and a further increase is planned for the 1974 rice crop.

Corn production advanced 28 percent in 1973 to 2.6 million tons, although the outturn was substantially short of the record 1970 crop. Favorable weather during the main growing season led to the sharp recovery from the dismal 1972 crop. Large Japanese investments in the corn growing areas of South Sumatra and East Java have spurred Indonesia's

³Mass Guidance for Self-Sufficiency in Food Program.

corn output in recent years. The shortfall in Indonesia's 1972 corn crop necessitated corn imports in early 1973 but the good 1973 crop will enable Indonesia to resume its position as a corn exporter.

Indonesian rubber production, which had stagnated for several years, advanced for the second consecutive year in 1973. Production increased by an estimated 7 percent in 1973 to 950,000 tons. In response to rising rubber prices during the year, smallholders increased tapping and extended it to areas in which tapping was previously not profitable. The age composition of the country's rubber trees is still unfavorable although the Government has implemented a plan which provides high-yielding seedlings to smallholders for planting.

Output of palm oil and kernels has climbed steadily in recent years as Government plans to plant more of the oil palm area to high-yielding trees have been very successful. Palm oil production reached 300,000 tons in 1973, about 10 percent above the previous year's level. The severe drought in 1972 kept production from rising more rapidly.

Coconut trees were also adversely affected by the dry weather in late 1972. Copra production in 1973 was 1.1 million tons, about the same as in 1972. Increased domestic demand for coconut oil has resulted in a substantial decline in copra exports and in July 1973, copra exports were temporarily prohibited.

Among other important Indonesian crops, cassava production advanced sharply to 12.3 million tons, sugarcane output continued to climb to 10.6 million tons, and soybean production recovered from the low 1972 output and totaled 531,000 tons in 1973. Production of sweetpotatoes, coffee, and tobacco was also slightly higher in 1973.

Agricultural Trade

Although most of the attention on Indonesia's exports has been focused on the petroleum industry, non-oil exports also rose rapidly during 1973. Non-oil exports are estimated at \$1.5 billion during 1973 compared with \$877 million for 1972. The increase was primarily due to stronger prices for lumber, rubber, and copra, since volume exported increased very slightly. Rubber exports are estimated to have increased in volume by about 13 percent to 880,000 tons and in value by nearly 70 percent to \$331 million. Coffee exports remained at the \$72 million level achieved in the previous year, while palm oil exports advanced to about \$70 million.

Agricultural imports also advanced in 1973. Rice imports reached a record 1.66 million tons. In addition to the United States, major rice-supplying countries were the People's Republic of China, 545,002 tons; Pakistan, 293,037 tons; Thailand, 283,463 tons; and Japan 274,018 tons. Nearly half of these rice imports were received during the first 4

months of the year when Government rice stocks were especially low. Total rice imports for 1972 amounted to 734,000 tons.

U.S. agricultural exports to Indonesia climbed from \$134.0 million in 1972 to \$187.7 million in 1973. Our wheat exports nearly tripled in value to \$63.2 million although the quantity shipped was less than double the previous year's total. U.S. bulgur exports also rose sharply to \$16.3 million. Although Indonesia is not normally an importer of corn, the shortfall in grain output in late 1972 resulted in a U.S. corn shipment of 173,600 tons in early 1973 valued at \$13.9 million. Our cotton exports jumped 27 percent in value to \$49.4 million, although the volume fell about 10 percent. The shortage in U.S. rice available during 1973 forced our rice sales to Indonesia to drop sharply in 1973. During 1972, when all rice shipments were under P.L. 480, we exported 322,500 tons valued at \$60.5 million. In 1973, P.L. 480 rice was no longer made available to Indonesia after previous commitments were fulfilled and most of the rice was sent commercially. U.S. rice exports totaled 108,000 tons in 1973, valued at \$36.1 million.

U.S. agricultural imports from Indonesia rose at an even faster pace than exports in 1973, advancing 60 percent to \$222.8 million. A steep climb in rubber prices accounted for most of the increase in total imports. The value of rubber imports from Indonesia more than doubled to \$129.3 million, although the quantity imported was only 26 percent higher. Other changes in our import composition were less significant since the value of U.S. imports of coffee, pepper, palm oil, and tea was about the same in both 1972 and 1973.

Outlook

Substantially larger oil revenues should pave the way for a larger trade surplus in 1974 and a continued GNP growth rate of about 8 percent. Indonesia's rice stock situation in early 1974 is much improved over the same period a year ago. The 1974 rice crop was planted on schedule and promises to be much better than the drought-affected wet season crop of 1973. The critical issue with respect to rice output is the fertilizer situation. Domestic fertilizer production is being geared up rapidly and will supply most of the country's needs in a few years, but most of the fertilizer used in 1974 will have to come from imports. If Japan and other major suppliers are unable to provide sufficient fertilizer, the rice and corn crops will be adversely affected. Despite these uncertainties, rice production should reach 14 million tons in 1974 since more irrigation rehabilitation projects are being completed and more area is being planted to rice.

U.S. agricultural exports to Indonesia should show a significant expansion in 1974 as some of

Indonesia's large foreign exchange earnings are used for additional imports. Rising demand for U.S. wheat, bulgur, and cotton and a moderate increase in

commercial purchases of U.S. rice may result in U.S. agricultural exports to Indonesia at close to \$400 million in 1974. (E. Wayne Denney)

JAPAN

Population of 108.4 million with an annual growth rate of 1.3 percent, 22 percent rural—agriculture accounts for 4 percent of GDP—major agricultural products are rice, vegetables, livestock products, and oranges—major agricultural exports are fruits and vegetables—major agricultural imports are feed grains, wool, meat, soybeans, cotton, wheat and sugar.

Economic Situation

Real economic growth in terms of GNP was 10.8 percent in 1973, up from 9.7 percent in 1972. Nominal GNP was \$403 billion (\$3,719 per capita) in 1973.⁴ Wholesale prices shot up 15.9 percent in 1973, compared with an average annual increase of only 0.7 percent during 1951-52. Retail prices also soared in 1973; increases averaged 11.7 percent, compared with 4.5 percent in 1972. Food prices weighed heavily in this average and increased by about the same amount.

The rise in prices in 1973 was due primarily to "protective" or "pre-emptive" price increases by Japanese industry in late 1973 because of the anticipated impact of reduced energy supplies. Other important factors which led to the higher domestic prices were higher prices of imported primary commodities and wage increases in excess of productivity gains.

Japan's basic balance of payments in 1973 was deficit nearly \$10 billion because of the large net outflow of long-term capital, more than twice as much as in 1972. The current account was very nearly in balance compared with a surplus in 1972 of almost \$7 billion. The visible trade balance was surplus only \$4 billion, half that size of the 1972 surplus. With short-term capital and errors and omissions added to the basic balance, the overall balance was deficit over \$10 billion, compared with a nearly \$5 billion surplus in 1972. The 1973 deficit was financed largely by a decline in foreign exchange reserves which were at alltime high of \$19 billion at the end of February 1973 but fell to \$12 billion by the end of December 1973.

The Japanese yen appreciated an average of 10 percent against the dollar in 1973, compared with 12 percent in 1972 and 1 percent in 1971. Japanese

purchasing power in the U.S. export market thus increased by these percentages.⁵

Agricultural Production

Rice production was 11 million tons in 1973, up 2 percent from 1972. Rice land diverted to fallow in 1973 under the Government's program to prevent surplus production⁶ totaled 258,700 hectares, and to other crops, 306,700 hectares. Total area planted to rice in 1973 was 2,622,000 hectares, down 21,000 hectares from 1972. The support price paid for the 1973 rice purchased by the Government (about half of the crop) was \$609 per ton—up from \$485 in 1972 (a 16.1 increase in the yen price). Diversion payments were the same as in previous years (in terms of yen). In 1973 dollars, participating farmers received \$1,070 hectares to divert to fallow, \$1,250 to divert to annual crops, and \$1,430 to divert to permanent plantings.

Under the Government's program to dispose of surplus rice, nearly 1 million tons of old crop surplus rice was sold to the formula feed industry in 1973, compared with almost 1.5 million tons in 1972. Also under this program, rice exports totaling 544,000 tons in 1973 were shipped as food aid principally to Indonesia, Philippines, South Korea, and Bangladesh.

In addition to direct farm price supports, indirect incentives to rice production include Government investments in crop research, varietal improvement, and other technological aspects; tax advantages; Government investment in irrigation, water control, and land management; and subsidized production of inputs such as fertilizer.

Aggregate livestock product output in 1973 was unchanged from 1972. Pork and poultry meat output increased 6 and 10 percent, respectively, but was offset by a 24-percent decline in beef and veal production. The short run decline in beef and veal production can be accounted for by a series of production promotion measures undertaken by the Japanese Government in 1973. These included low-interest loans for feed purchases and a subsidy of \$36

⁴Exchange rates used in this report are 307.7 yen per dollar, 280 yen per dollar, and 290.0 per dollar for 1972, 1973, and 1974, respectively.

⁵For more on this point, see *Changes in Exchange Rates—Impact on U.S. Grain and Soybean Exports to Japan*, U.S. Dept. Agr., Econ. Res. Serv., ERS-Foreign 364, 1974.

⁶The Rice Land Division Program and the Surplus Rice Disposal Program are described in *The Agricultural Situation in the Far East and Oceania—Review of 1972 and Outlook for 1973*, U.S. Dept. Agr., Econ. Res. Serv., ERS-Foreign 353, 1973.

per calf for retaining calves for feeding. Also, Japan's Ministry of Agriculture and Forestry officials have discouraged farmers and feeders from fattening and slaughtering their beef breeding cattle, a practice which led to a decline in cattle numbers in 1972.

Orange production declined 7 percent in 1973 from the record 3.6 million tons in 1972. Prices received by growers are not supported directly and fell substantially in 1972 to 16 cents per kilogram (a 43 percent decline in the yen price from 1971).

Agricultural Trade

Japan's agricultural imports were \$9 billion (c.i.f.) in 1973, up two-thirds from \$5.5 billion in 1972. In general, the increase was the result of higher commodity prices and substantially greater volume of imports of corn, beef, and pork. The U.S. value share of the market was 34 percent, up from 29 percent in 1972. U.S. agricultural exports to Japan were valued at \$3 billion (f.o.b.) in 1973, more than double the 1972 value.

Japan's wheat imports in 1973 were 5.4 million tons, 5 percent higher than in 1972. The U.S. volume share increased to 67 percent in 1973 from 49 percent in 1972, primarily because of the poor Australian wheat crop in 1972/73. Wheat trade is controlled by the Japanese Government. Annual wheat imports are determined by the trends in domestic demand and production and by the level of stocks desired (currently about a 2.3-month supply). The trend in domestic demand is in turn influenced by the Government pricing policies. Retail prices of wheat products are controlled indirectly through Government sales price to the millers. Two basic objectives of the pricing policies are to ensure that (1) increases in wheat product prices do not exceed the growth rate of household expenses and (2) wheat product prices do not fall relative to rice prices, since wheat products are substitutes for rice in the Japanese diet.

The Government sales prices of imported wheat were changed twice in 1973. U.S. Western White, for example, was sold to millers at 120.80 per ton (1973 dollars) between July 1, 1972 and July 31, 1973. On August 1, 1973, the price was reduced to \$120.25 per ton. But on December 1, 1973, the price was increased to 163.40 per ton. While it is difficult to determine how much Japan paid for U.S. Western White, the average price for the first 6 months of 1973 was probably about \$126 per ton, based on an average Portland f.o.b. price of \$105, a freight rate of \$11, and miscellaneous port charges of \$10. The difference between the purchase price and the sales price to millers was, in effect, an import subsidy during most of 1973. This has not been the case traditionally, however, when the purchase prices were lower than the sales prices to millers.

Feed grain imports in 1973 were 13 million tons, 20

percent higher than in 1972. Most of the increase was in corn. The U.S. share increased to 73 percent from 50 percent in 1972, due primarily to short crops of corn in South Africa and Thailand and sorghum in Australia. In addition to the trend toward greater consumption of livestock products, feed grain imports were boosted by a decrease of one-half million tons in the surplus rice used in feed and by a 38 percent increase in feed grain stocks held by feed manufacturers. These stocks totaled 700,000 tons on October 31, 1973.

Soybean imports in 1973 were 3.6 million tons, up 7 percent from 1972. The U.S. share of the market declined to 88 percent from 92 percent in 1972, due primarily to Brazil's expanded role in the market. Brazil claimed as much of the market as China, which was in the past the only significant competitor of the United States.

Pork imports rose 85 percent from 1972 to 126,000 tons in 1973. The U.S. share remained at one-third. The Japanese import regulations applicable to pork were modified to include a variable levy system in October 1971. The import duty is the variable levy, or 10 percent ad valorem, whichever is higher. A wholesale floor price and a wholesale ceiling price are set annually. The variable duty is the difference between the mid-point price (mid-point between the floor price and the ceiling price) and the CIF price of the imported pork. The variable duty is not applicable when the internal wholesale price of pork rises above the ceiling price. The 10 percent ad valorem duty continues to be applicable unless waived by the government. In 1973, the internal wholesale price of pork exceeded the ceiling price during three periods when validated imports occurred between March 3 and October 31, and therefore the variable duty was not applicable during that period. In addition, the Government waived the 10 percent ad valorem duty for imports during the same period. For the period April 1, 1973 to March 31, 1974 the wholesale floor price for carcass pork was 380 yen per kilogram and the ceiling price was 465 yen. The wholesale prices for pork cuts are obtained by dividing the respective wholesale carcass prices by 0.75.

Beef imports in 1973 were 127,000 tons, more than double the 1972 level. The U.S. share of market increased to 8 percent, from 2 percent in 1972. Beef imports are subject to quantitative import restrictions aimed at protecting Japanese beef producers. Japanese consumers pay dearly for this protection, however. Beef classified by the Japanese as medium quality averaged \$3.20 per pound at retail in Tokyo in 1973.

⁷See "Japan Launches Three-Pronged Agricultural Policy Program" *Foreign Agriculture*, U.S. Dept. of Agr., For. Agr. Serv., Jan. 7, 1974.

Cotton imports in 1973 were 855,000 tons, (3.93 million bales) up 7 percent from 1972. The U.S. share increased dramatically to 29 percent from 19 percent in 1972. Other exporting countries not only had poor crops, but imposed export controls as well. An especially important factor in the larger U.S. share was a delay in export contract renegotiations between Japan and cotton-producing Central American countries.

Outlook

Real GNP growth may drop to 5 percent in 1974 primarily because of the decrease in energy supplies in the first quarter. The rate of price increases may fall off slightly as the Japanese Government's campaign to roll back "pre-emptive" price rises takes effect. Also, the Government will exercise monetary and fiscal restraint in 1974 in order to curb domestic demand. The large wage increases in 1974 however, will probably dilute the impact of Government policies aimed at slowing the rate of inflation.

Area planted to rice is expected to increase by about 100,000 hectares in 1974 as Government payments diverting rice land to fallow are terminated. The end of these payments is in accordance with the original program but coincides with political attacks on the production controls when world grain supplies are tight.

Because of the structural changes taking place in the livestock sector, production is not expected to increase in 1974. In 1972, almost 13 percent of the dairy and beef farmers and 11 percent of the swine

farmers discontinued production due primarily to the high wages in industry and the relatively low return on a small scale farms. Small producers will probably continue to cease production and the gains made by large producers may just offset this in the short run.

Orange output may increase as much as 20 percent in 1974 as a considerable acreage of young trees comes into full production.

New soybean and wheat production incentives in 1974, aimed primarily at keeping previously fallow rice land from being brought back into rice production, are not expected to have much impact on soybean and wheat output.⁷

The volume of U.S. exports of major commodities to Japan may not increase in 1974 as other suppliers regain some of their historical shares. Japan's total imports of wheat will probably increase about 2 percent in 1974. The value of U.S. agricultural exports to Japan in 1974 will probably be between \$3-\$3.5 billion. Feedgrain imports may increase as much as 9 percent to build up stocks and meet the increased demand from pork and poultry producers. Soybean imports will probably rise 3 percent to meet the normal increase in demand for meal in the formula feed industry. Pork imports may decline 10 percent if the duty is not waived. Beef imports will probably increase in 1974 when the domestic wholesale carcass price of dairy steers (considered competitive with imported beef) fell to below \$3.00 per kilogram. Cotton imports are expected to increase about 5 percent in 1974 due to a shift to cotton fibers from synthetic fibers boosted by higher petroleum prices. (Bruce L. Greenshields).

KHMER REPUBLIC (Cambodia)

Population of 7.3 million with an annual growth rate of 2.2 percent, 80 percent rural—agriculture accounts for 40 percent of GDP—rice, corn, and rubber are the major agricultural products and were the principal prewar agricultural exports—major agricultural import is rice.

Economic Situation

Hostilities beginning in March 1970 have seriously reduced economic activity in most sectors. Early in 1973, the index of manufacturing activity showed some improvement increasing 15 percent over the 1972 average to about 84 percent of the prewar 1969 output level. However, increased hostilities in the last half of 1973 undoubtedly cancelled earlier gains. Industrial production continues to be hampered by manpower shortages aggravated by general mobilization, and by shortages of raw materials,

spare parts, electric power, and transportation capacity.

Agricultural production also was seriously depressed by increasing insecurity as farmers abandoned the land, reducing area by as much as half, according to some reports. Yields also fell as the supply of fuel, fertilizer, and other imports was interrupted. Once a major exporter of rice, the Khmer Republic now is a major importer. As other traditional exports—rubber, maize, livestock, and fish products—ceased or became negligible, the traditional Khmer source of foreign exchange was lost. Imports consequently have been restricted and priority given to importing foods. However, in the long run, continued reductions in imports of raw material, spare parts, and capital equipment will be detrimental to overall production.

Declining domestic production, interrupted transport, and restricted imports have generated serious runaway inflation. In the year ending September 1973, the Consumer Price Index for the working class in Phnom Penh rose nearly 200

percent. In 3 weeks during October, the price of rice doubled.

Agricultural Production

Accurate assessment of Khmer agricultural production is most difficult under current conditions, but there can be no doubt that output has fallen drastically since 1967. The official Khmer estimate for 1973 rice production is about 580,000 tons, unchanged from 1972 but down 74 percent from the record 1969 production of 2.3 million tons. Area harvested actually continued to decline in 1973, falling 8 percent from the 1972 level. The compensating increase in yields over 1972 reflects adverse weather and low yields in 1972 rather than real improvement in 1973.

Production of maize, which was expanding rapidly before the war, also has fallen greatly. The official estimate of 1973 production is only 21,000 tons, a 71 percent decrease from the 1972 crop and only 15 percent of the prewar record output. Although processed rubber production rose 41 percent in 1973 over the 1972 output, it is less than one-fourth of prewar levels.

Agricultural Trade

Khmer agricultural exports have become minimal. U.S. agricultural imports from the Khmer Republic during 1973 consisted only of dried apricots valued at \$20,000.

Rice is the primary Khmer agricultural import. 1973 rice imports are estimated at about 140,000 tons, a small increase over 1972. The United States was the major supplier, exporting 103,000 tons, at a cost of \$56 million to the Khmer Republic during 1973. Total U.S. agricultural exports to the Khmer Republic were valued at over \$64 million, compared to \$12.1 million in 1972.

Outlook

The outlook for the Khmer economy and agriculture is problematical. Unless security improves before the planting season in 1974, agricultural production will continue to decline and to depress the general economy. Agricultural imports, particularly rice, will continue at high levels and will come principally from the United States under P.L. 480. Rice imports in 1974 could be about one-quarter million tons. (Gene R. Hasha)

REPUBLIC OF KOREA

Population of 33.7 million with an annual growth rate of 1.7 percent, 44 percent rural—agriculture accounts for 20 percent of GDP—major agricultural products are rice, vegetables, barley, tobacco, and sweetpotatoes—major agricultural exports are silk, tobacco, and vegetables—major agricultural imports are wheat, feed grains, and cotton.

Economic Situation

The Korean economy flourished in 1973 because of striking gains in industrial output and exports. A bumper rice crop, higher prices, and greater income from intensive export crops created prosperity for farmers.

New investments and tourism from Japan gave South Korea's rapidly growing economy an extra push in 1973. Many new factories expanded their output of products primarily for export markets last year, contributing to a 31.4 percent rise in the real value added by manufacturing to the GNP. In real terms, preliminary estimates show the following 1973 percentage gains over 1972: GNP, 16.9; GNP per capita, 15.0; gross fixed investment, 32.3; national savings, 59.5; and consumption, 9.0. Policies favorable to foreign investments and the high productivity of Korea's relatively young labor force have contributed to an industrial boom.

Inflation in other countries has probably contributed to greater purchases of Korean textiles, footwear, plywood, and various light manufactures. Korean products usually compare well in quality in international markets, and prices are often considerably lower than for the same items from Europe or North America. This has contributed to a blossoming trade between South Korea and Mideast nations. Korean imports of crude petroleum from Saudi Arabia and Iran are expected to continue in 1974 at the peak levels recorded in 1973. New refineries are under construction with the help of foreign financial and technical assistance. A large petro-chemical complex near Pusan is expected to provide additional bunkering fuel for ships carrying products to Japan.

South Korea's total exports jumped about 92 percent in 1973 to about \$3.21 billion, while imports increased about 73 percent to \$3.89 billion. The trade deficit increased 18 percent to \$680 million, but rising foreign investments and service payments enabled foreign exchange reserves to rise.

Agricultural Production

Agricultural production increased about 2 percent in 1973. The 6.6 percent gain in rice output was eroded by decline in barley, tobacco and vegetables.

Total grain production declined from 7.21 million tons in 1972 to about 7.16 million tons in 1973. The

record rice crop in the autumn of 1973 helped to offset the poor barley and wheat harvests in the summer. Rice production increased from 3.96 million tons to 4.21 million tons. Higher rice yields were obtained because of earlier planting, ideal summer weather for plant growth, and greater fertilizer use.

Government procurement prices for milled rice increased from \$309 per ton in 1972 to \$343.50 per ton in 1973. The area planted in Tongil⁸ fell from 187,000 hectares in 1972 to 140,000 hectares in 1973, when it accounted for about 12 percent of the total rice area. Most of the Tongil rice is sold to the Government since it is generally unpopular with consumers. Government stocks of all rice totaled 640,000 tons on November 1 and additional purchases of almost a half million tons from the 1973 harvest are anticipated. At the end of 1973, Korea had more Government-held grain stocks per capita than any other Asian nation.

Output of deciduous fruits increased by more than 30 percent in 1973. Investments in intensive agriculture which provide more rural employment continued to expand. Production of mushrooms—mostly for canning for export—increased 41 percent in 1973. Production of asparagus and strawberries for export as processed items also increased sharply in 1973.

Striking gains in urban purchasing power have contributed to a rise in the domestic demand for meat. Demand was so strong in 1973 that exports of pork to Japan fell below the 1972 level. Poultry numbers increased 18.5 percent in 1973 although excessive supplies forced poultry and egg prices down in the last 3 months of the year. Demand continued to exceed supplies for beef, despite a 10 percent rise in output in 1973. A 13-percent rise in milk output helped to ease shortage caused by smaller imports of powdered milk.

Agricultural Trade

South Korea's agricultural imports increased 58 percent in value from \$531.4 million in 1972 to about \$840 million in 1973, while the volume increased less than 10 percent. One major reason for this was the dramatic increase in prices of imported grain. While the quantity of grain imports in 1973 increased only 7.8 percent to 3.4 million tons, the value jumped more than 60 percent to about \$447 million. Much higher prices for cotton, wool, and natural rubber also contributed to the increase.

The United States remained the dominant supplier of South Korea's agricultural imports in 1973 although imports of selected commodities from other suppliers increased. Imports of rice from Japan and corn from Thailand increased markedly. Thailand and Turkey supplied most of Korea's rising tobacco

imports. Most of the natural rubber was imported from Malaysia and Singapore. The value of wool imports from Australia more than doubled in 1973.

U.S. agricultural exports to South Korea increased from \$363.4 million in 1972 to a record \$634.9 million in 1973. Much higher prices for wheat, rice, and corn contributed to the increase. For example, our exports of wheat to Korea increased from 1.8 million tons in 1972 to 2.0 million tons in 1973 while the value jumped from \$122.4 million to \$276.7 million. Our rice exports declined from 566,000 tons in 1972 to only 328,000 tons in 1973 while the value fell slightly from \$90 million to \$82 million.

Government programs to blend less costly barley with rice created a greater need for imported barley. U.S. barley exports to Korea jumped from 55,000 tons in 1972 to 479,000 tons in 1973 and were valued at \$41.1 million.

Korea imports over 95 percent of the cotton, tallow and cattle hides used by its new modern factories. U.S. cotton exports to Korea increased from 451,000 bales in 1972 to 692,000 bales in 1973. Korean manufacturers placed most of their orders for cotton early in 1973 before sharp price hikes occurred. Their 1974 deliveries will more accurately reflect the high prices for cotton now prevalent. Despite higher prices, the volume of our cotton exports to Korea will remain strong in 1974.

Our exports of cattle hides to Korea in 1973 doubled in volume and tripled in value, reaching a record \$18.2 million. Deliveries of U.S. tallow increased slightly last year in volume but doubled in value, reaching \$26.6 million.

South Korea's agricultural exports increased about 38 percent in 1973 to a record of approximately \$180 million. Exports of silk to Japan accounted for about one-third of the value of agricultural exports last year. Marked gains also occurred in exports of rice, mutton, canned mushrooms and tobacco.

Even though rice was imported, South Korea sent about 47,000 tons of rice to South Vietnam and Cambodia in 1973. The shipments were made to fill shortfalls in P.L. 480 deliveries by the United States. Korea will receive U.S. rice in 1974 as payment for its rice exports in 1973.

Exports of mutton to Japan increased in 1973, but exports of pork and beef declined. Several years ago plans to develop more commercial feed lots included arrangements to export choice cuts of beef and pork to Japan to earn foreign exchange needed for feed grain imports. Two developments have led to curtailment of these plans. First, Korea's foreign exchange position has improved dramatically, eliminating the need to regulate feed imports. Second, the demand for beef and pork in cities is rising faster than output.

South Korea is the world's fastest growing major exporter of canned mushrooms. The United States accounted for about half of Korea's exports of mushrooms in 1973 valued at almost \$20 million.

⁸High-yielding rice variety developed in Korea.

West Germany, the Netherlands, Canada, and Sweden were the other major markets.

High prices in the world market for sugar precipitated larger sugar exports to South Vietnam, Hong Kong, and Indonesia in 1973. Exports were valued at \$8 million last year, more than quadruple the 1972 level.

Tobacco exports in 1973 reached 20,000 tons for the first time and were worth slightly over \$20 million. Tobacco was one of the first intensive crops for which Korea sharply expanded production intended for exports. Tobacco exports jumped from only \$100,000 in 1964 to \$6.5 million in 1966 and then maintained a plateau in the \$13-14 million range during 1969-72. The 71 percent increase in tobacco production in 1972 and higher farm prices contributed to the upward thrust in 1973. The major markets for Korean tobacco exports last year were the United Kingdom and the United States, each taking over 4,000 tons.

South Korea continues to develop new agricultural exports in order to provide better employment opportunities in rural areas and take advantage of market opportunities in Japan, the United States and Europe. Exports of various processed foods to Japan are increasing. Ginseng tea, a relatively new item, which climbed from less than \$100,000 in 1972 to over \$4 million in 1973. Japan and the United States were the major markets. Korea is also in the process of expanding output of asparagus and strawberries for export.

Outlook

South Korea's real GNP should increase by at least 10 percent in 1974, even if the world energy crisis hampers its exports. The country's total agricultural imports are expected to top \$1 billion in 1974. Higher prices for grain and cotton will account for most of the increase in value. U.S. agricultural exports to South Korea are likely to increase about 5 percent in volume and more than 25 percent in value in 1974. Higher prices for wheat, corn, and cotton are likely to push the value of U.S. agricultural exports to Korea into the \$775-\$800 million range in 1974.

Korea is also likely to be a larger market for U.S. soybeans, raisins, breeding animals, and processed foods this year.

South Korea plans to produce 4.4 million million tons of milled rice in 1974. To obtain this goal, more fertilizer will be reserved for domestic use and less will be available for export. Rice imports are expected to fall to 250,000 tons in 1974.

The fuel import bill in 1974 might approach \$1 billion, compared with \$325 million in 1973. Arrangements by Korea to provide technical services and export ships to oil producing countries will help to ease the squeeze on foreign exchange reserves. Thus, the energy crisis is not expected to have a significant adverse impact on South Korea's agricultural imports. (John B. Parker, Jr.)

LAOS

Population of 4.2 million with an annual growth rate of 2.4 percent, 90 percent rural—major agricultural product is rice—major agricultural export is timber—major agricultural imports are rice, wheat, and vegetable oils.

Economic Situation

Laos has no system of national accounts but it is believed that economic conditions improved late in 1973 because of improved security conditions. However, inadequate transportation and marketing facilities continue to hamper general economic activity.

Although prices have risen sharply in Laos recently, inflation has not become a serious problem. Rice shortages and a new tax on foreign exchange caused a temporary surge in prices during the third quarter of 1973. Prices stabilized at year's end as rice stocks increased with the annual harvest. The Consumer Price Index for the capital city of Vientiane increased 42 percent during 1973.

Agricultural Production

Rice production in the areas controlled by the Royal Laotian Government is estimated at more than 425,000 tons in 1973, approximately adequate for national self-sufficiency. Country-wide estimates and comparable figures for prior years are not available. The 1973 rice crop was the first actually to be surveyed and estimated directly. Timber production also registered strong increases in 1973.

Agricultural Trade

The agricultural exports of Laos reached approximately \$2.5-\$3.0 million in 1973, a significant increase over 1972. Timber is the predominant export product. U.S. agricultural imports from Laos—principally coffee—were valued at \$135,000 in 1973.

Laotian import statistics for 1973 are not yet available. However, U.S. agricultural exports to Laos in 1973 were valued at \$3.6 million, up 64 percent from 1972. Wheat and flour and soybean oils were the principal items.

Outlook

The outlook for the Laotian economy and agriculture depends heavily political events and the weather, both unpredictable. Progress towards

greater political stability has been slow but is expected to continue. The abundant rice harvest of 1973, adequate for self-sufficiency, should relieve the financial burden of rice imports, at least for 1974. (Gene R. Hasha)

MALAYSIA

Population of 10.3 million with an annual growth rate of 2.8 percent, 50 percent rural—agriculture accounts for 32 percent of GDP—major agricultural products are rubber, rice, and palm oil—major agricultural exports are rubber and palm oil—major agricultural imports are wheat, rice, sugar, and tobacco.

Economic Situation

All sectors of the Malaysian economy advanced in 1973, as favorable international prices contributed heavily to its export-based economy. GDP reached \$5.6 billion in 1973, an increase of 21 percent in current prices and 8 percent at constant prices. Although agricultural exports were significantly larger in 1973 than in the previous year, sectors other than agriculture are advancing most rapidly. Agriculture's share of the GDP is continually declining.

Efforts to curtail the high inflation rate and reduce unemployment have been only partially successful. Wages have lagged behind price increases. To alleviate the inflation squeeze, a temporary tax-free relief allowance was granted to low wage Government employees and several major companies followed suit. Because of large increases in the Consumer Price Index in recent years, the Government of Malaysia has adopted several fiscal and trade policies aimed at curtailing inflation. A more strict control of the rice marketing system, a reduction of import duties, and the above-mentioned relief allowance for Government employees are among the measures recently adopted.

Increased world demand for Malaysia's primary commodities resulted in a much larger trade surplus in 1973 than in the previous year. During the first 9 months of 1973, the trade surplus exceeded \$250 million—more than two and one-half times the surplus for all of 1972. Total imports rose rapidly during the same period, but import price increases were generally lower than export price increases. Among agricultural imports, rice and dairy products accounted for much of the increase.

Agricultural Production

Of the 13.1 million hectares in Peninsular Malaysia, slightly over 3 million hectares or 23

percent is now devoted to agriculture. Although Malaysian agriculture has become more deversified in recent years, rubber still accounts for 56 percent of the cultivated area. Malaysia's total agricultural production advanced 8 percent in 1973. Rice and rubber once again showed substantial gains while palm oil output continued its strong upward trend.

West Malaysia's rice output recovered from the poor 1972 crop as increased area and higher yields enabled the 1973 crop to expand by 9 percent to 1.11 million tons. Most of the increase is attributed to expansion of Malaysia's large irrigation schemes at Muda and Kemubu, which enables double-cropping of rice. These areas now produce close to half of the country's total rice output. About 60 percent of Malaysia's rice area is double-cropped, but future area expansion is expected to be much slower since the major irrigation projects are nearly completed. In an attempt to assure future rice self-sufficiency, the Government announced in 1973 that new irrigated rice land would be brought into production as soon as possible. West Malaysia does not have much additional land that is considered adequate for rice cultivation. Consequently, most of the short-term area expansion will come from increased double-cropping. To further increase rice yields, the Malaysian Agricultural Research and Development Institute and other research organizations are working on ways to improve cultural practices, adopt satisfactory hybrid rice varieties, and implement economical small scale mechanization.

Palm oil production increased nearly 16 percent in 1973 to 762,000 tons,⁹ due to continued new plantings and more bearing trees than in 1972. Most of the increased oil palm area stems from smallholder land development schemes sponsored by the Federal Land Development Authority. According to current estimates, palm oil production in Malaysia is expected to exceed 1.4 million tons by 1976—nearly double the 1973 output. Most of this production will be exported since the domestic requirement is very small. Malaysia's palm oil exports already account for about two-thirds of the world total and will account for an even larger share in the future. Actually, the 16-percent increase recorded in 1973

⁹Includes only production in West Malaysia; about 100,000 tons were produced in East Malaysia.

was somewhat disappointing since the average annual rate of expansion from 1965 to 1972 was about 25 percent. Industry leaders believe that the slowdown is due primarily to drought in late 1972 and that another sharp upswing will occur in 1974.

Rubber output totaled 1,376,000 tons in 1973, a 10 percent increase from the previous year. Rubber prices in 1973 were nearly double the 1972 level, due largely to the increased cost of producing synthetic rubber. Rubber growers took advantage of the higher prices by tapping their trees at a more rapid rate. In addition, chemicals were used to stimulate greater production in many areas. With many of the smallholder rubber areas starting to come into production, rubber output is expected to show more expansion in the future.

Malaysia's declining coconut industry deteriorated even further in 1973. Many coconut trees no longer produce and copra output declined another 17 percent to 128,000 tons. To enable smallholder coconut producers to increase their earnings, the Government of Malaysia has encouraged inter-cropping coconut trees with pineapple, coffee, corn, bananas, and cacao.

Agricultural Trade

Based on trade figures for the first 9 months of 1973, Malaysia's trade balance surplus for 1973 will be much greater than the 1972 surplus of \$92 million. During the January-September period, exports advanced 48 percent while imports were 25 percent higher. A large increase in rubber earnings was largely responsible for the favorable change in 1973.

U.S. agricultural exports to Malaysia have traditionally been relatively low, although appreciable expansion was noted in 1973. U.S. farm exports totaled \$25 million in 1973, more than double the previous year's level. Our major exports were as follows: wheat, 16,600 tons valued at \$1.7 million;

rice, 11,000 tons valued at \$4.6 million; cotton, 22,995 bales valued at \$3.6 million; and tobacco, 3,600 tons worth \$9.4 million. Despite the strong upswing in our 1973 agricultural exports, the United States is basically a residual supplier, except for tobacco. The world rice shortage in 1973 necessitated Malaysia's first purchase of U.S. rice in 4 years.

U.S. agricultural imports from Malaysia increased by over 50 percent in 1973, reaching a record \$167.8 million. Nearly all of the increase was due to higher priced rubber imports, which increased only slightly in quantity but jumped in value from \$77.5 million in 1972 to \$132.5 million in 1973. Palm oil imports were valued at \$27.8 million in 1973, a slight increase from the previous year. Other significant imports included pineapple, coffee, and palm kernel oil.

Outlook

The energy crisis is expected to result in an increased demand for natural rubber in 1974 and prices should remain strong. Conversely, if Malaysia's major customers—the United States, the EEC, and Japan—experience downturns in their economies in 1974, Malaysia may be adversely affected. Despite these uncertainties, Malaysia's Finance Minister has projected that real GNP will expand by 7 percent during the year. Agricultural production should continue to advance at about the 8-percent rate targeted in the Second Malaysian Plan (1971-75). High rates of unemployment and inflation will continue to pose domestic problems.

As one of the fastest growing economies in Asia, Malaysia has the potential to become a much larger market for U.S. farm products. Its economy is diversifying and no longer depends solely on rubber for economic prosperity. However, food imports are continually rising and the United States is likely to be a more important supplier in coming years. (E. Wayne Denney)

NEPAL

Population of 11.8 million with an annual growth rate of 2.1 percent, 93 percent rural—agriculture accounts for 70 percent of GDP—major agricultural products are rice, corn, and wheat—major agricultural exports are rice, wheat, and jute and jute products—major agricultural imports are sugar, tobacco, and cotton.

Economic Situation

During 1973, Nepal experienced an economic downturn due to unfavorable weather. Nepal's annual GDP usually runs between \$800 and \$865 million at current prices. For 1971, the last year for which official statistics are available, Nepal's GDP

was recorded at \$865 million. Manufacturing, public administration, and defense showed some increase in their relative contribution to the GDP in 1973. Per capita income is estimated about \$75 per year. Nepal's tourism industry contributed about 5 percent of the total domestic revenue in 1973.

Agricultural Production

Agriculture is Nepal's major economic activity. Roughly 15 percent of the total area in Nepal is under cultivation. This cultivated area is mainly in the eastern Terai and the central and eastern portions of the country.

Paddy rice is the major crop grown in Nepal. Rice production in 1973, due to dry weather, dropped to an

estimated 1.50 million tons from 1.57 million tons in 1972. Rice area dropped slightly from 1.19 million hectares in 1972 to 1.18 million hectares in 1973. In 1973, about 13 percent of the total rice area was planted to high-yielding varieties. About 800 tons of improved rice seed were sold in 1973 compared with 600 tons in 1972.

Wheat production increased sharply from about 175,000 tons in 1972 to about 210,000 tons in 1973. Wheat is grown primarily in the Kathmandu Valley and foothills of the Terai area. About 30 percent of the total was planted in high-yielding varieties. Sales of improved wheat seed (HYV) rose 40 percent, from 780 tons in 1972 to over 1,000 tons in 1973. Nepal distributed HYV wheat seed at a subsidized cost.²

Corn is grown under a wider variety of conditions than any other crop. It is grown from the Terai (plains) up to 13,000 feet high in the hills. Corn is a major staple food in Nepal for the people living in the hills. Corn production declined, because of drought, from 761,000 tons in 1972 to 750,000 tons in 1973. Other food grains such as barley and millet were also produced in Nepal in 1973.

Nepal also grows some cash crops such as sugarcane, tobacco, jute, oilseeds, and potatoes. Sugarcane production dropped more than 2 percent in 1973 from 1972's production of 245,000 tons. Jute production declined from an estimated 58,000 tons to about 56,000 tons in 1973. Potato production, mostly for domestic use, increased from 293,000 tons in 1972 to 295,000 tons in 1973. Buffaloes, sheep, goats, swine, and poultry are also produced in Nepal for domestic meat consumption.

Agricultural Trade

The foreign trade of Nepal is almost entirely with its neighbors, India and Tibet. Overseas trade has been growing very slowly, since Nepal is a landlocked

country, whose imports and exports have to go through India. About 90 percent of Nepal's trade is with India and 2 percent is with Tibet.

Nepal's total exports during 1973 increased about 3 percent over the 1972 exports of \$12.7 million. Total imports increased sharply from \$15.2 million in 1972 to \$17.6 million in 1973, up 16 percent from 1972 and 126 percent higher than 1971 imports of \$7.8 million.

The major exports to India are rice, wheat, jute products, and ghee (butterfat). Nepal's imports from India are salt, cotton and textiles, metal products, petroleum products, and light machinery. Nepal's major exports to Tibet are rice, salt, and wool.

During 1973, U.S. agricultural exports to Nepal decreased from \$1.3 million in 1972 to \$621,000, due to a major drop in P.L. 480 corn exports. In 1972, the United States exported \$1.12 million worth of corn compared with \$234,000 in 1973. Wheat flour exports increased from \$27,000 in 1972 to \$44,000 in 1973. The United States did not export any tobacco in 1972 to Nepal but in 1973, U.S. tobacco exports were worth \$235,000. U.S. soybean oil exports to Nepal totaled \$26,000 in 1973.

U.S. agricultural imports from Nepal increased from \$112,000 in 1972 to \$265,000 in 1973 and consisted mostly goat skins, bristles, jute butts and waste, and raw jute fabric.

Outlook

Nepal's outlook for 1974 seems to be encouraging due to plentiful rain during the current monsoon season. Food grain exports to India will not, however, return to normal because the Government of Nepal is building up buffer grain stocks to avert future shortages. In order to grow more food grains in 1974, the Government has expanded the distribution of chemical fertilizers and of improved seed at subsidized rates. (Amjad H. Gill)

NEW ZEALAND

Population of 3 million with an annual growth rate of 1.7 percent, 12 percent rural—major agricultural products are milk, wool, mutton and lamb, and beef and veal—major agricultural exports are dairy products, wool, mutton and lamb, and beef and veal—major agricultural imports are sugar, fruits and vegetables, coffee and tea.

Economic Situation

Despite recurring dry conditions, 1973 was a good year for New Zealand. Real GNP increased 4 percent during the year even though inflation remained high. Although agricultural production decreased 3.7 percent, total export earnings were up 33 percent due to the high prices for agricultural commodities.

During New Zealand's fiscal year ending March 31, 1974 GNP increased about 15 percent to \$11.5 billion. Due to inflation real growth was only 5.5 percent, but this is an increase from the real growth rate of 4 percent in 1972/73 (percentage changes are calculated in terms of New Zealand's currency). Nevertheless, inflation remains one of New Zealand's most serious economic problems. Gross farm income increased a dramatic 44 percent to nearly 2 billion in 1972/73 because of the high world prices for agricultural commodities.

The balance of payments has deteriorated since the March 1973 surplus of \$199 million. This deterioration has been caused by more rapid increases in imports than in exports, currency realignments, and a weakening of prices in the dairy market. The New Zealand Institute of Economic

Research estimates that the BOP deficit reached \$206 million by December 1973. The New Zealand revaluation of 10 percent in September 1973, coupled with the U.S. devaluation in February 1973, is having negative effects on export earnings and thus on the balance of payments. The New Zealand dollar has appreciated nearly 20 percent vis-a-vis the U.S. dollar since February 1973.

In addition to the September revaluation, the New Zealand Government took other steps in 1973 to counter the high rate of inflation, hold down rising prices, and stabilize the economy. A temporary price freeze on all sheepmeats was instituted in March, and general price controls followed in June. Also, a voluntary farm income stabilization scheme was announced in February 1973 under which meat and wool farmers set aside part of their rapidly rising incomes. These farmers are now using some of this fund for capital improvements.

Agricultural Production

Total agricultural production decreased nearly 4 percent during 1973; crop production decreased 3.5 percent, while livestock production declined 3.7 percent.

Livestock production was mixed—beef and veal continued to increase, while lamb declined sharply. Increased cow slaughter, mostly from the dairy sector, caused total beef and veal production to increase 4 percent to 427,000 tons in 1973. Beef cattle numbers are continuing to expand at the expense of dairy cattle and sheep, since beef is the most profitable enterprise.

Lamb production decreased 16 percent to 314,000 tons in 1973 as sheep numbers continued to decline. Increased slaughter, lower lambing percentages, and lower weights have resulted from the drought conditions. Thus, farmers have not been able to take full advantage of the exceptionally high prices for lamb, mutton, and wool. Mutton production increased to a record 206,000 tons as an additional 2 million ewes were slaughtered during the 1973 drought. The overall reduction in sheepment production, plus strong export demand, resulted in domestic shortages toward the end of the 1972/73 season. To counter this shortage domestic price controls on sheepmeats were removed in August, and a temporary ban on exports of hogget (sheep from weaning until first shearing) and wether mutton was instituted in September.

The New Zealand dairy industry has been hurt by the continuing drought. Milk production decreased 3 percent in 1973 to 6.1 million tons and butter and cheese production were down slightly. In recent years there has been a sharp increase in nonfat dry milk output at the expense of casein production in New Zealand.

Grain production decreased 13 percent in 1973. The

Government is emphasizing production of livestock and livestock products at the expense of grains. Low ceiling prices for wheat (\$74.41 per ton) have led to increased production of oats, maize, and grass seed, while production of wheat and barley have decreased.

Wool production in 1973 was the lowest in nearly 10 years; sheep numbers continued to decrease, and there was a lower wool yield per sheep due to the drought. Average wool prices for the 1972/73 season reached a record \$1.80 per kilogram, more than doubling the 1971/72 prices. The sharp rise was due to the reduced world supply and to the high world demand for wool. In addition, the currency realignments in December 1971 caused New Zealand wool to become cheaper to the Japanese, resulting in extremely high demand in that market.

New Zealand mills increased their purchases of wool by a steep 54 percent in 1972/73 to over 21,000 tons. This increase in domestic consumption was also a factor in the sharp price rise. The question of whether all wool should be purchased by the new Wool Marketing Corporation is controversial. Sheep farmers are currently against the scheme because high prices can be obtained for wool sold privately.

Agricultural Trade

The total value of exports during 1972/73 increased 33 percent to \$2.24 billion. The dairy sector was the only area to have lower export earnings in 1972/73. Exports of primary agricultural commodities traditionally account for about 85 percent of New Zealand's export earnings.

The United Kingdom remained the largest market for New Zealand's total exports, taking 29 percent worth \$635 million in 1972/73. Nevertheless, this reflects the success of New Zealand's trade diversification efforts, as the United Kingdom took 36 percent of total exports in 1970/71, and 55 percent in 1960/61. The United States was New Zealand's second largest market in 1972/73, accounting for \$380 million, or 17 percent of the total. Exports to Japan, Western Europe, and Australia have increased in recent years.

The value of total meat exports in 1972/73 increased about 47 percent to \$738 million. After declining in the year ended September 1972, beef and veal exports in 1973 increased 13 percent to 208,000 tons. The United States was the largest market, taking 66 percent of the total. In terms of U.S. imports of meat, New Zealand continued as the second largest supplier. New Zealand supplied 132,000 tons in calendar 1973, or 21 percent of the total 614,000 tons of meat formerly subject to the U.S. meat import law.

New Zealand is the world's leading exporter of sheepmeats, traditionally exporting over 80 percent of its lamb production and over half of its mutton. Exports of both mutton and lamb decreased in the

year ended September 1973. Lamb exports declined 10 percent to 246,000 tons due to low production. The lamb export diversification scheme, initiated in 1966 to lower New Zealand's dependency on the U.K. market, was suspended in March 1973 due to the lamb shortage in Britain. Nevertheless, 27 percent of New Zealand's lamb exports went to destinations other than the United Kingdom in 1973—Greece, Japan, and Canada increased their purchases of New Zealand lamb.

Mutton exports declined 8 percent to 94,000 tons in 1973, although production increased. Japan virtually withdrew as a customer for frozen mutton toward the end of the 1972/73 season due to the exceptionally high prices for that commodity. Nevertheless, Japan bought nearly 70 percent of New Zealand's mutton exports in 1973.

Export earnings from the dairy sector decreased 10 percent in 1972/73 to \$400 million due to an easing of prices as the world supply situation improved and to the currency realignments, especially the depreciation of sterling. In addition, prices set down in the Protocol 18 agreement with the United Kingdom do not take into account the severe price inflation which has eroded the real earnings of the dairy industry. Export earnings from both butter and cheese declined in 1972/73, while receipts from other dairy products increased.

New Zealand has successfully continued efforts to diversify dairy export markets following the U.K. accession to the EC. Nevertheless, the United Kingdom is still the largest outlet for milkfat.

New Zealand traditionally supplies half of the small U.S. annual imports of butter, 8-10 percent of the U.S. annual imports of about 80,000 tons of cheese, and has been trying to capture a larger portion of the annual 900-ton U.S. market for nonfat dry milk. New Zealand hoped to enlarge its share of the U.S. dairy import market as the United States set additional quotas of cheese, butter, butter oil, and nonfat dry milk in 1973. New Zealand was allocated over half the 25,400-ton quota for butter and over 10 percent of the quota for nonfat dry milk.

Although the volume of wool exports in 1972/73 decreased nearly 10 percent to 271,478 tons, reflecting the low production level, the value increased nearly 90 percent to \$544 million. This represented 24 percent of New Zealand's total export earnings. Wool shipments to the United States decreased to 8 percent of the total. The United States bought less because of high prices for wool compared with those for

synthetic fibers. The Japanese share increased from 8 to 13 percent, and the strong Japanese demand was significant in pushing up New Zealand wool prices.

Both the volume and value of total imports are increasing, and the sources of imports as well as the destinations of exports are being diversified. Total imports in 1972/73 were \$1.56 billion, up 16.5 percent from 1971/72. In 1972/73, the United Kingdom supplied less than 35 percent of New Zealand's total imports, compared with nearly 60 percent in 1959/60.

U.S. agricultural exports to New Zealand in 1973 were valued at \$16.3 million, an increase of 56 percent over 1972. The major commodities exported to New Zealand were processed fruits and vegetables (28 percent), unmanufactured tobacco (38 percent), and sausage casings (9 percent).

U.S. agricultural imports from New Zealand in 1973 totaled \$368 million, up 50 percent from the previous year. The main commodities were meats (65 percent), dairy products (11 percent), and wool (10 percent). Imports of dairy products increased sharply to \$41 million in 1973, up from \$10 million in 1972.

Outlook

Real growth is expected to remain about the same in the year ending March 1975, but inflation is expected to drop to 6.5 percent. The balance of payments and the trade balance are expected to remain in deficit, as rising import volume and prices more than offset export receipts. Nevertheless, both export prices and world demand for most agricultural commodities are expected to remain high. New Zealand will find a ready market for all its agricultural commodities available for export. However, increased shipping costs and a shortage of bunker oil due to the energy crisis may reduce export returns.

Overall production of agricultural commodities may decrease slightly in 1974. Grain production will probably decrease once again, and New Zealand is expected to import 100,000 tons of wheat in 1974. Due to the drought, dairy production is expected to be down sharply in 1973/74 and nonfat dry milk will be in tight supply. This and the emphasis on the beef sector may restrict New Zealand's ability to supply the expanding U.S. dairy market. Sheepmeat production may be down due to the drought and to stock rebuilding. Production of wool, beef, and veal is expected to increase. (Diane B. Ellison)

PAKISTAN

Population of 62.6 million with an annual growth rate of 2.6 percent, 64 percent rural—agriculture accounts for 38 percent of GDP—major agricultural products are wheat, rice, cotton and sugarcane—major agricultural exports are cotton and cotton products and rice—major agricultural imports are wheat, vegetable oil, and tobacco.

Economic Situation

Pakistan's economy during 1973 showed appreciable recovery from the depressed conditions of the last 2 years, when the country experienced political and labor unrest and unfavorable weather. Real GNP increased by 6.5 percent in 1973 compared with a 1.4-percent increase in 1972. Real income per capita dropped by 2.7 percent in 1970/71 and 1.3 percent in 1971/72, but increased by 3.8 percent in 1972/73 totaled \$797.3 million, up from \$638.5 setback during the previous year, showed a major improvement in 1973. The index of manufacturing increased 6.3 percent over 1972.

Total export earnings during 1973 increased to \$826.3 million compared with \$590.7 million in 1972. This increase was due to the devaluation of the rupee in May 1972 and higher prices in the world market for cotton, cotton products, and rice. Imports during 1972/73 totaled \$797.3 million, up from \$638.5 million the previous year. Imports of consumer goods and wheat, vegetable oil, sugar, and fertilizer increased while imports of capital goods declined.

Agricultural Production

Pakistan's total agricultural production increased 6 percent during 1973, compared with a 1-percent decline a year ago. Crop production was helped considerably by adequate canal water and good rainfall during the 1973 growing season. Cotton and flaxseed declined in 1973 but all other crops were larger than in 1972. The area planted to food grains rose 2 percent from 10.6 million hectares in 1972 to 10.8 million hectares in 1973, and represented 75 percent of total crop area.

Wheat production during 1973 was a record 7.44 million tons, surpassing the 1970 wheat crop of 7.29 million tons and 8 percent higher than the 6.88 million tons harvested in 1972. The rise in production is attributed to the abundant rainfall, additional use of fertilizer, and more area under high-yielding varieties (HYV) of wheat. The planted area under HYV during 1973 increased to 3.44 million hectares from 3.29 million hectares in 1972, and represented 58 percent of the total wheat area of 5.97 million hectares. The yield of wheat has improved

considerably in the last 2 years, expanding from 1.08 tons per hectare in 1971 to 1.25 tons in 1973.

Despite heavy flood damage to the 1973 rice crop, the Government of Pakistan is estimating rice production for 1973 at about 2.50 million tons, 9 percent more than the previous year's production of 2.29 million tons. The area planted to rice had increased during 1973, but floods reportedly damaged about 119,000 hectares in Punjab and Sind Provinces. As a result, the area harvested is likely to be either slightly below or about the same as a year ago. Production, however, is expected to be higher due to widespread rainfall at the right time during the growing season and a large scale pesticide spray program in September, which reduced normal pest losses and compensated for some flood losses. Rice area totaled 6.43 million hectares during 1973, up from 5.97 million hectares in 1972. The area planted with HYV rose 6 percent to about 879,000 hectares in 1973.

Cotton production for 1973 suffered appreciable losses due to heavy floods during the peak growing time. Production was estimated at 640,000 tons, down 9 percent from last year's 703,000 tons. About 200,000 to 240,000 hectares were reportedly damaged by the floods. Insect and disease damage were also reported in certain regions. Had there been no floods, cotton production might have been higher than in the previous year due to increased acreage. Two new varieties of Egyptian cotton, which are relatively insect resistant, are being examined for approval by the Sind Government. Two other varieties are also coming up to replace nondisease resistant high yielding strains.

Corn production for 1973 is estimated at 732,000 tons, up 2 percent from a year ago. Production of chickpeas (gram) and pulses in 1973 is estimated at 550,000 tons and 187,000 tons, respectively. Sorghum, millet, and barley production for 1973 are estimated at 310,000, 315,000, and 110,000 tons, respectively. Sugarcane production was up from 19.6 million tons in 1972 to 21.1 million tons in 1973.

Agricultural Trade

Due to higher prices in the world market for cotton, cotton products, and rice, Pakistan had a booming trade in 1973. Total export earnings during 1973 reached an alltime high of \$826.3 million, about 40 percent more than the 1972 export earnings of \$590.7 million. Cotton, cotton products, rice, leather, fish, wool, and wool products are the major agricultural exports and accounted for about 81 percent of total export earnings during 1973. Export earnings from cotton and cotton products were estimated at \$419 million for 1973, about 21 percent higher than in 1972. Rice exports were valued at \$110 million, more than

double the \$43.6 million in the previous year. Export earnings for leather, fish, and wool products were estimated at about \$28.1 million, \$21.3 million, and \$12.7 million, respectively.

Due to floods, Pakistan's total imports increased from \$638.5 million in 1972 to \$797.3 million in 1973. Wheat, soybean oil, sugar, tea, and fertilizer were the major agricultural imports during 1973.

U.S. agricultural exports to Pakistan during 1973 were valued at \$114.3 million, compared with \$118.6 million a year ago. Wheat and wheat products and soybean oil were our major exports to Pakistan, mostly under P.L. 480 and CCC loans. The value of wheat and wheat products shipped to Pakistan during 1973 was \$90 million, compared with \$81 million in 1972. Our exports of soybean oil were valued at \$16.3 million and inedible tallows, \$6.4 million. Other commodities, such as baby chicks and dry milk were also exported to Pakistan.

U.S. agricultural imports from Pakistan declined from \$3.8 million in 1972 to \$3.1 million in 1973. Major agricultural imports during 1973 were molasses, worth \$930,000; wool, \$872,000; goat kid hair, \$313,000; and rose oil, \$468,000.

Outlook

Pakistan's economy during 1974 is expected to equal or better 1973's performance. Production in the industrial sector is expected to expand rapidly unless industrial growth is constrained by rising prices of raw and semifinished goods, especially those that are imported. The 1974 outlook for investments is less promising, since there has been little new industrial investment by either the Government or the private sector. The recent nationalization of the domestically owned vegetable oil industry and of the fertilizer distribution system in Punjab has further

discouraged private investors. Pakistan will have to increase budget outlays to import petroleum, fertilizers, and machinery at higher prices, which will adversely effect future economic development.

Increasing use of fertilizer, expansion of area planted to HYV, and increasing procurement prices are expected to contribute to higher production of food grains. Recent floods and more water in the irrigation system may boost winter wheat (planted during October and November) production beyond 8 million tons. The area under HYV of wheat is expected to increase from 3.44 million hectares in 1973 to 3.84 million hectares in 1974. Pakistan might face some problems for autumn crops such as rice and cotton, due to worldwide shortages of fertilizers and the energy crisis. Pakistan, despite expectations of higher wheat production in 1974, may import between 500,000 and 1 million tons of wheat to build up stocks which were lost in the floods, and to provide sufficient wheat at Government ration shops. A large share of imported wheat will come from the United States under P.L. 480, CCC loans, and cash purchases. The other major agricultural imports will be about 90,000 tons of edible oil and about 80 million pounds of tea.

Pakistan is aiming for over a billion dollars worth of exports during 1974. Higher world prices may increase earnings from cotton and cotton products and rice during 1974, especially if the Government relaxes current export policies, due to higher world market prices. Hong Kong, Japan, People's Republic of China, West Europe, and East European countries will be major buyers of cotton and cotton products. Arabian countries and Persian Gulf states will continue to be major importers of Pakistani superior rice and consumer goods. Pakistan continues to impose heavy export duties on raw materials such as cotton and leather and is encouraging exports of finished goods during 1974. (Amjad H. Gill)

PHILIPPINES

Population of 42.2 million with an annual growth rate of 3.2 percent, 52 percent rural—agriculture accounts for 38 percent of GDP—major agricultural products are rice, livestock, copra, sugarcane, and corn—major agricultural exports are sugar, coconut products, and pineapple—major agricultural imports are wheat, rice, and corn.

Economic Situation

Following a slowdown in economic activity in 1972 due to severe floods and numerous civil disturbances, the Philippine economy experienced a strong upswing in 1973. Real GNP advanced 10 percent.

Although all sectors grew substantially, forestry and construction led with increases of 37 percent and 23 percent, respectively. Growth rates in other sectors were as follows: Fishing, 9 percent; manufacturing, 9 percent; mining, 9 percent; services, 5 percent; and commerce, 4 percent. The agricultural sector (excluding forestry and fishing) grew 10 percent in 1973 compared with 3 percent in 1972.

Inflation continued to be a serious problem in 1973, particularly during the second half of the year. In December 1973, the Consumer Price Index was 20 percent higher than a year earlier, but food prices were nearly 40 percent higher. The acute rice shortage that developed during September before the main harvest contributed substantially to the rise in overall food prices.

Preliminary Central Bank statistics show that the Philippines recorded a trade surplus of \$244 million in 1973, its first surplus in 10 years. The country's annual trade deficit during the past 5 years averaged \$138 million. Total exports jumped 54 percent in 1973 to \$1.80 billion, while imports rose 16 percent to \$1.55 billion.

Agricultural Production

Production of most agricultural commodities showed substantial increases in 1973. Philippine agricultural production catapulted 10 percent in 1973, as output of several major commodities reached or approached record levels. The decline in copra production was more than offset by large upturns in rice, corn, sugarcane, and tobacco. Per capita food production, which had dropped in 1972, rose 7 percent in 1973 to a near record level.

The 1973 rice crop is currently estimated at 3.81 million tons—up 33 percent over the flood-affected 1972 crop. An increase of nearly 15 percent in area harvested was made possible by expanded irrigation facilities which permitted more double-cropping, and some expansion in land planted to rice in Central Luzon and Mindanao. Rice yields were also up primarily because of the “Massagna 99” rice, production campaign carried out by the Government. The program endeavored to achieve much higher yields in certain selected areas. Under the program, about \$56.5 million was loaned to farmers at concessional rates. The increased credit availability enabled farmers to use 200,000 tons of fertilizer on rice—nearly triple the previous year's level.

Good weather enabled the 1973 corn crop to increase 20 percent over the 1972 crop and 9 percent over the previous high 1971 crop. Most of the increase was due to higher yields, as area expanded very slightly. Corn consumption is rising in the Philippines, particularly when rice supplies decline, as was the case during July-September 1973. The rice-corn mixture that was adopted prior to the 1973 rice harvest was well accepted by consumers and may be used again if rice shortages persist.

Centrifugal sugar production rose 24 percent in 1973 to 2.25 million tons, with higher yields accounting for all but 2 percent of the increase. Sugarcane production was 22.7 million tons during the year, a 16-percent increase over the 1972 crop. Improved weather and some increase in fertilizer use were primarily responsible for the increases. The U.S. sugar quota was filled earlier than usual and the Philippines shipped 55,000 tons to other countries. This was the first sugar sold by the Philippines on the world market since 1961.

Philippine leaf tobacco production jumped from 49,000 tons in 1972 to 78,000 tons in 1973. While this increase represented a strong recovery, the output was well below the record 1970 crop of 99,000 tons.

“Native” or dark air-cured tobacco production jumped from 20,400 tons in 1972 to 55,550 in 1973. Harvested area of native tobacco increased commensurately. A severe drought at planting time hampered plans to increase Virginia tobacco production.

Copra was the only major Philippine crop to show a substantial decline in 1973, as production fell 16 percent below last year's record crop. Adverse weather, which plagued most crops in 1972, was ideal for coconut growing. Consequently, some decline was anticipated in 1973, even with normal weather. But the drought which occurred in the coconut growing regions of Mindanao in late 1972 caused production to be lower than expected in 1973. The number of bearing trees increased another 5 percent during the year.

Banana and pineapple production failed to increase in 1973, primarily because both crops are mainly grown in the drought-affected areas of Mindanao. Production of cassava and vegetables rose slightly, while sweetpotato output continued to stagnate.

Agricultural Trade

Philippine agricultural trade soared to record levels in 1973. Preliminary data indicate that agricultural imports rose 21 percent to \$220 million, while agricultural exports climbed 43 percent to \$760 million. The value of all major agricultural exports increased, but the export volume of coconut products was down sharply. Leading exports were sugar, \$278 million; copra, \$150 million; coconut oil, \$150 million; desiccated coconut, \$32 million; and bananas, \$28 million. The major agricultural import group was cereals and cereal preparations, which increased 34 percent during the year to \$113 million. Rice imports declined from 482,000 tons in 1972 to 310,000 in 1973. Wheat imports were also somewhat lower.

U.S. agricultural exports to the Philippines increased from \$99.6 million in 1972 to \$117.1 million in 1973. Our wheat exports declined 18 percent in volume to 394,000 tons but a 75-percent increase in unit value pushed sales to \$45.5 million in 1973 compared with \$31.7 million in 1972. U.S. cotton exports nearly doubled in value. Our rice exports, which were \$11 million in 1972, were negligible in 1973. Exports of tobacco and animal feeds did not change significantly.

U.S. agricultural imports from the Philippines jumped 37 percent from \$339.9 million in 1972 to \$465.3 million in 1973. The value rose for each of our major imports—sugar, desiccated coconut, coconut oil, copra, and pineapple—due to increased prices. However, only sugar and coconut oil increased in volume. Sugar climbed from 1.18 million tons in 1972 to 1.43 million tons in 1973 and rose in value from

\$204.8 million to \$274.5 million. U.S. imports of abaca were slightly higher in 1973. Tobacco imports were slightly lower.

Outlook

Barring political upheaval and a worsening of the oil crisis, the Philippines' economic resurgence in 1973 is officially expected to continue in 1974. Large international reserves, growing levels of both foreign and domestic investments, and strong worldwide demand for Philippine products all point toward increased economic activity in 1974. A real growth rate of 7 percent is forecast in the Philippines' most recent development program.

Agricultural output in 1974 is expected to be about 4 percent above the 1973 level. Unless Japan can supply adequate fertilizer before the main season rice

planting in June, production may not advance in 1974. The brunt of any fertilizer shortage is likely to be absorbed by the sugar industry, and production in 1974 is likely to be slightly less than in 1973. Corn production in 1974 should be substantially above the drought-reduced 1973 crop.

Philippine agricultural trade should continue about the same in 1974. Agricultural exports should not show much change because an anticipated increase in the volume of coconut product exports may be offset by somewhat lower prices. Similarly, a moderate increase in sugar prices may be partially offset by a slightly reduced volume.

U.S. agricultural exports to the Philippines should reach \$150 million in 1974, with combined wheat and cotton exports reaching \$100 million. U.S. agricultural imports from the Philippines should be about the same in 1974. (E. Wayne Denney)

SINGAPORE

Population of 2.1 million with an annual growth rate of 1.6 percent—agriculture accounts for 3 percent of GDP—major agricultural exports are rubber, vegetable oil, and spices—major agricultural imports are rubber, vegetable oil, cotton, and spices.

Economic Situation

An estimated 10 percent real GNP growth rate in 1973 was spurred by healthy gains in the manufacturing, tourist, construction, and financial sectors. Singapore's per capita GDP of \$1,390 has more than doubled during the past decade and is the highest in Southeast Asia. During the first 8 months of 1973, foreign trade rose 30 percent over the comparable period in 1972, with exports showing an increase of about 40 percent. 1973 could be the first year since 1966 in which Singapore's perennial trade deficit has not widened.

Singapore's otherwise successful economy was hampered by severe inflation in 1973. The Government's Consumer Price Index rose 29.5 percent from January through October. Although not unusual by world standards, particularly in the current inflationary era, the rise is double the combined price increases since 1960. The result is that middle income workers are not prospering despite several generous wage hikes, and some lower income workers have experienced a real income decline. In prior years, Singapore has curbed domestic inflation by importing from the cheapest available source, but the worldwide commodity shortages in 1973 prevented Singapore from insulating itself from the rising inflation in other countries.

Agricultural Production

Agricultural activity in Singapore continues to diminish in importance, limited principally by a lack of available land. The Government has mainly emphasized further development of the poultry and swine industries. The country is largely self-sufficient in these industries and produces about 40 percent of its vegetable needs. To obtain maximum economic returns from its scarce land resources, the Republic will continue to concentrate on growing high value crops and breeding high quality livestock to partially meet domestic food requirements.

Agricultural Trade

U.S. agricultural exports to Singapore in 1973 more than doubled the 1972 level and reached a record \$57.4 million. The most striking change occurred in our rice exports, which were non-existent in 1972 but rose to 46,200 tons worth \$19.6 million in 1973. The shipment resulted primarily because Thailand was unable to supply the rice when needed. A shortfall in Australia's wheat output enabled U.S. wheat exports to rise from a very small amount in 1972 to \$6.2 million in 1973. Singapore normally imports nearly all of its wheat requirements from Australia since transportation costs from Canada and the United States are much higher. Several other U.S. exports to Singapore also showed marked increases during the year. Cotton exports advanced from \$0.5 million to \$4.2 million last year; corn exports reached \$4.2 million—nearly double the 1972 level; and fruit exports climbed to \$3.4 million. U.S. tobacco exports to Singapore were up slightly in 1973. Our soybean exports continued at about \$7 million, despite a 50-percent reduction in quantity shipped.

U.S. agricultural imports from Singapore rose nearly 30 percent in 1973 to \$27.8 million. Rubber imports accounted for most of the increase. They reached \$23.5 million and constituted about 85 percent of the total. The increase in rubber imports was due to an increase in rubber prices from \$345 per ton in 1972 to an average of \$580 per ton in 1973. Most of Singapore's rubber exports come from Malaysia and Indonesia but those from Indonesia are not reported in the trade statistics.

Outlook

Singapore's prospects for 1974 remain very uncertain because of oil cutbacks. Singapore has no energy resources and relies heavily on imports and an adequate shipping system, so a serious oil

shortage could slow its recent rapid growth. It seems unlikely that a real growth of 10 percent will be achieved in 1974.

Efforts to curtail the country's high inflation rate are receiving top Government priority at present and it seems probable that the rate of price increase in 1974 will decline somewhat but remain substantially above the 1972 level. If Singapore can obtain its rice, corn, and wheat requirements from neighboring Asian countries, prices paid for these commodities should decline.

U.S. agricultural trade with Singapore continues to show promise for expansion, but may slacken somewhat in 1974. Our exports of corn, fruit, soybeans, and cotton are expected to remain strong in 1974 but wheat and rice may show substantial declines, depending on the success of Singapore's normal suppliers. (E. Wayne Denney)

SRI LANKA (Ceylon)

Population of 13.2 million with an annual growth rate of 2.3 percent, 49 percent rural—agriculture accounts for 33 percent of GDP—major agricultural products are tea and rice—major agricultural exports are tea, rubber, and coconut products—major agricultural imports are rice and wheat flour.

Economic Situation

Sri Lanka's economy, which has been suffering setbacks since 1971, was unable to revive during 1973, due to prolonged drought and internal labor unrest. Real GDP increased about 2 percent in 1973, compared with 2.5 percent in 1972 and about 3.4 percent in 1971.

Sri Lanka's foreign trade showed a healthy advance of about 10 percent in the first 8 months of 1973 to \$486 million, compared with \$441 million during the same period of 1972.

Most of the economic depression was due to a shortage of food. Food shortages have caused a reduction in the free rice ration and increase in the prices of other foodstuffs. The weekly rice ration has been halved to 1 pound per person, because domestic production was again lower than expected in 1974. Much of the labor unrest was due to food shortages.

To encourage increased rice production, the guaranteed price paid to rice growers was raised from 18 to 25 rupees a bushel. The flour ration has been reduced, also adding to food costs. The price of a loaf of bread climbed from 0.48 to .76 rupees.¹⁰

Agricultural Production

Total agricultural production in Sri Lanka declined more than 4 percent during 1973, largely because of

adverse weather conditions. Total grain production dropped more than 9 percent to 922,000 tons in 1973, compared with 996,000 tons produced in 1972. Despite Government efforts to encourage farmers to grow more rice by increasing the guaranteed procurement prices and subsidizing more inputs for paddy, rice production fell short of the Government target by more than 29 percent. The shortfall was mostly due to severe drought conditions. The increased use of high yielding varieties staved off a more serious drop in production.

Tea production totaled 211,271 tons in 1973, down 1 percent from the 1972 production of 213,475 tons. The decline was attributed to dry weather and labor unrest. The value of tea production represents more than 20 percent of the total agricultural output.

Rubber production decreased 4 percent, from 135,000 tons in 1972 to 130,000 tons in 1973. The drought, which has been continuing since 1971, will affect rubber production for several years.

Coconut oil production dropped sharply from 162,000 tons in 1972 to only 56,000 tons in 1973. The decline was attributed to a combination of inadequate rainfall, poor management practices, and fall in coconut prices in 1972.

Agricultural Trade

Higher world prices for tea and rubber enabled Sri Lanka's total exports to increase during 1973. From January to August 1973, Sri Lanka's total exports rose to \$248 million compared with \$207.8 million for the same period of 1972. Tea brought foreign exchange earnings of \$130.5 million during the first 8 months 1973, compared with \$118.9 million for the same period of 1972. Prices for medium and low quality teas were slightly lower early in 1973 than in 1972, but prices for all grades were substantially

¹⁰One rupee equals \$0.156.

higher by mid-1973, boosting Sri Lanka's foreign exchange earnings greatly.

Because of higher rubber prices in the world market, Sri Lanka's earnings from rubber exports almost doubled from \$30.5 million earned during January-August of 1972 to \$55.0 million the same period of 1973. The major buyer of Sri Lanka's rubber was the People's Republic of China. Under a trade agreement, Sri Lanka sends rubber to PRC in exchange for rice.

After the first quarter of 1973, Sri Lanka banned coconut products exports because the Government decided to retain these products (primarily coconut oil) for domestic use. In previous years, Sri Lanka exported its more costly coconut oil for foreign exchange earnings and imported cheaper cooking oil for domestic use. Coconut products exports dropped from \$30.3 million in the first 8 months of 1972 to \$2.7 million in 1973, with all of the 1973 exports occurring in the first quarter.

During 1973, Sri Lanka faced a very acute shortage of food supplies. As a result, most of its imports consisted of rice and wheat flour. In 1973, Sri Lanka imported close to 400,000 tons of wheat flour, mostly from the United States, France, Australia, and Canada. Rice imports were estimated at about 375,000 tons, mostly from the People's Republic of China, Pakistan, and Burma. Sri Lanka received almost 116,000 tons of rice from Pakistan in exchange for tea and betel nuts.

U.S. agricultural exports to Sri Lanka declined from \$22.6 million in 1972 to \$18.2 million in 1973. Wheat flour—valued at \$18.1 million in 1973, compared with \$21.8 million in 1972—accounted for almost all of the exports. Other exports included baby chicks and vegetable seeds.

U.S. agricultural imports from Sri Lanka increased from \$22.6 million in 1972 to \$24.9 million in 1973. Tea was the major commodity imported by the United States, valued at \$18.7 million in 1973. Natural rubber, worth \$4.2 million, was the second major agricultural import. Other commodities which the United States imported included: Cinnamon, \$759,000; cloves, \$106,000; black pepper, \$128,000; and nutmeg, \$30,000.

Outlook

Sri Lanka's food outlook for 1974 seems to be better than in 1973, because of timely rainfall which improved rice production prospects for the Maha crop (major crop harvested during February-April). The Government estimates that the 1974 Maha rice crop, barring unforeseen circumstances, will be between 800,000 and 850,000 tons, compared with 750,000 tons produced in 1973. Copra production is expected to recover in 1974, and world prices should decline from the record 1973 prices.

Sri Lanka's 1974 foreign trade prospects appear to be reasonably optimistic because of rising world prices for Sri Lanka's exportable commodities, tea and rubber. Despite the anticipated larger Maha rice crop, Sri Lanka will still import about 350,000 to 400,000 tons of rice to build up stocks which were exhausted in 1973. Sri Lanka will probably import rice from Pakistan, the PRC, and Burma.

Sri Lanka is also expected to import about 400,000 tons of wheat and wheat flour, primarily from France, Canada, and the United States.

Considering the energy crisis and the worldwide shortages of fertilizer, Sri Lanka may have a difficult time obtaining enough fertilizer to realize its expanding crop production goals. (Amjad H. Gill)

TAIWAN

Population of 15.6 million with an annual growth rate of 2.0 percent, 38 percent rural—agriculture accounts for 15 percent of GDP—major agricultural products are rice, sweetpotatoes, vegetables, and meat—major agricultural exports are sugar, mushrooms, and fruits and vegetables—major agricultural imports are corn, cotton, soybeans, and wheat.

Economic Situation

Taiwan's booming economy, after hitting high growth rates of 11.5 and 11.0 percent in constant price GNP in 1971 and 1972 respectively, continued its upsurge in 1973 to reach an estimated 12.3 percent. Real per capita income rose from \$372 in 1972 to a record \$467 in 1973, an increase of 8.4 percent. Taiwan's total foreign investments received in 1973

reached an impressive \$248.8 million, nearly double the 1972 total.

Taiwan's total exports during January-November 1973 rose 50 percent to \$4.5 billion, and imports rose 52 percent to \$3.8 billion.¹¹ Both exports and imports broke all previous records and resulted in a \$700 million trade surplus in this period of 1973. The United States and Japan continued to be the major trade partners of Taiwan in 1973.

Agricultural Production

Taiwan's agricultural production moved ahead during 1973, slightly outpacing the Government target of 4 percent. Crop production advanced

¹¹All trade figures in this statement include January-November totals only.

slightly to 5 percent while total agriculture increased about 7 percent over 1972.

Rice production in 1973 is estimated at 2.03 million tons, 10 percent below the production goal of 2.25 million tons and 7.7 percent lower than last year's production. Corn production remained insignificant although area planted increased. In 1973, corn production is estimated at about 84,000 tons, up 18 percent from the previous year's production of 71,000 tons. Combined production of millet and sorghum nearly doubled in the last 2 years, from 14,000 tons in 1971 to 25,000 tons in 1973. Production of sweetpotatoes, commonly used for livestock feed, was down to 2.9 million tons in 1972, but increased substantially to 3.2 million tons in 1973. Cassava production increased from 324,000 tons in 1972 to 328,000 tons in 1973.

Sugarcane production, which declined drastically in 1972, showed a significant improvement during 1973. Production increased from 7.09 million tons in 1972 to about 7.50 million tons in 1973. This increase is attributed to good weather with no typhoon damage during the growing season. In addition, the minimum guaranteed price paid to the farmers for sugar in 1973 was raised to \$124 per ton from \$105 at the beginning of the crop year. This measure was taken due to high prices of sugar in the world market and to encourage farmers to grow more sugarcane.

Vegetable production, including asparagus and mushrooms, increased from 1.70 million tons in 1972 to 1.82 million tons in 1973. Citrus fruit total production increased about 3 percent in 1973 over the 291,000 tons produced in 1972. Banana area declined from 23,000 hectares in 1972 to 20,000 hectares in 1973, and production decreased about 5 percent to 348,000 tons. Pineapple production rose slightly from 334,000 tons in 1972 to 335,000 tons in 1973. Combined production of other foods including plums, mangoes, papayas, peaches, and persimmons increased 27 percent, from 271,000 tons in 1972 to 345,000 tons in 1973. Tea production for 1973 is estimated at 28,000 tons compared with 26,000 tons in 1972.

Taiwan's meat production, which has been increasing at a steady rate, showed a record increase to 620,000 tons in 1973 compared with 507,000 tons in 1972 and 468,000 tons in 1971. Pork accounted for most of the jump in meat production, increasing 21 percent—from 428,000 tons in 1972 to 520,000 tons in 1973. The second largest increase in meat came from poultry—production increased from 59,000 tons in 1972 to 74,000 tons in 1973. Other meats such as buffalo and yellow cattle were also produced.

Agricultural Trade

Taiwan had a very impressive trade year in 1973. Total exports during 1973 reached a peak of \$4.5 billion, an increase of \$1.5 billion or about 50 percent

over last year's exports of 3.0 billion. Total agricultural exports during 1973 increased to \$326 million, 20 percent higher than in 1972. Major commodities exported during 1973 were sugar, frozen pork, asparagus, canned mushrooms, canned and fresh pineapple, tea, and vegetables. Exports of sugar, the most important agricultural commodity, increased from \$80.6 million in 1972 to \$84 million in 1973. Indonesia, Japan, South Korea, and the United States were the major buyers of Taiwan's sugar. Frozen pork was the second major commodity. Exports reached a new high of \$61.1 million in 1973 compared with \$16.7 million in 1972. Japan, Hong Kong, the Philippines, and Singapore were the major importers of Taiwan's frozen pork. Taiwan is becoming a larger competitor to North American pork exporters in the Japanese market. Canned asparagus, canned mushrooms, bananas, and pineapple (fresh and canned) exports were worth \$50.0 million, \$48.5 million, \$29.9 million, and \$23.1 million, respectively.

Taiwan's total imports increased from \$2.5 billion in 1972 to \$3.8 billion in 1973. Total agricultural imports during 1973 reached a new high of \$464.2 million compared with \$345 million in 1972. Soybeans, corn, wheat, and cotton were the major commodities imported during 1973. Soybean imports increased from \$91.2 million in 1972 to \$134 million in 1973. Corn imports reached \$110.3 million, up 46 percent from 1972. Cotton imports increased to \$122.2 million in 1973 from \$88.9 million in 1972. Wheat imports, due to tight supplies all over the world, declined from \$47.6 million in 1972 to \$46 million in 1973. Other imports included barley, tobacco, sorghum, and tallow.

The United States is the major supplier of agricultural commodities such as wheat, soybeans, corn, and cotton to Taiwan. U.S. agricultural exports to Taiwan reached an alltime high of \$406 million in 1973, more than double last year's exports of \$193 million. Although the quantity of U.S. wheat exports rose only 20 percent from 476,000 tons in 1972 to 571,000 tons in 1973, value almost tripled from \$29.4 million to \$84 million. Corn export values in 1973 also tripled to about \$50 million compared with \$16.4 million in 1972. U.S. corn exports were 292,000 tons in 1972 and 561,000 tons in 1973. Our soybean exports to Taiwan declined from 637,000 tons in 1972 to 601,000 tons in 1973. Due to higher world soybean prices, U.S. soybean export values rose dramatically from \$75.9 million in 1972 to \$139.4 million in 1973, almost a 45-percent increase. Cotton exports during 1973 rose from 273,000 running bales worth \$40.6 million in 1972 to 563,200 running bales worth \$81.4 million in 1973.

U.S. tobacco exports to Taiwan increased sharply from \$8.7 million in 1970 and \$14.4 million in 1972 to \$17 million in 1973. Tallow exports increased 47

percent in 1973 over the 1972 exports of \$3.4 million.

U.S. agricultural imports from Taiwan declined from \$72.6 million in 1972 to \$67.1 million in 1973. Most of the decline was due to reduced imports of canned mushrooms, canned pineapple, and sugar as other Asian suppliers furnished more of these products in 1973. Canned mushroom imports declined from \$24 million in 1972 to \$20 million in 1973. Canned pineapple imports were \$6 million in 1973, compared with \$7.8 million in 1972. Sugar imports fell from 86,000 tons worth \$15.7 million in 1972 to 50,500 tons worth \$10.3 million in 1973. Other agricultural commodities imported from Taiwan during 1973 were water chestnuts, \$3.3 million; canned asparagus, \$3.2 million; canned oranges, \$5.7 million; and tea, \$2.2 million.

Outlook

Taiwan's economy during 1974 may continue to expand, but not as fast as it did during the previous 2 years. The Government is expecting real GNP to grow 7 to 8 percent in 1974, compared with 11 percent in 1972 and 12 percent in 1973. Rising costs of imported raw materials—such as crude oil and

agricultural raw commodities—and increasing ocean freight rates, may reduce the favorable trade balance which Taiwan has been enjoying for the last few years. Domestic price stabilization will be a major problem in 1974 due to an annual rate of inflation of more than 12 percent. Agricultural production for 1974 is projected to increase about 4 percent. According to official estimates, rice cropland in 1974 may increase 5 to 10 percent over the total area planted to rice during 1973. The Government's 1974 target for rice production is over 2.5 million tons. The Taiwan Government has banned the use of high grade rice paddy land for factories and housing use. Corn is required for Taiwan's expanding livestock industry. In 1974, the Government has ambitious plans to increase corn production to 158,000 tons, which will almost double the 1973 production. Soybean production may reach 65,000 tons in 1974.

Taiwan is expected to import 3.2 million tons of food and feed grains during 1974. This will include about 1.6 million tons of corn, 700,000 tons of wheat, and 890,000 tons of soybeans. Most of the grains will come from the United States. Cotton and tobacco imports are expected to increase during 1974. (Amjad H. Gill)

THAILAND

Population of 41 million with an annual growth rate of 3.2 percent, 73 percent rural—agriculture accounts for 30 percent of GDP—major agricultural products are rice, rubber, corn, and kenaf—major agricultural exports are rice, rubber, corn, cassava, and kenaf—major agricultural imports are dairy products, cotton, tobacco, and wheat and wheat flour.

Economic Situation

After slow economic growth in 1972 due to a short agricultural harvest, the annual rate of economic growth in Thailand recovered during 1973 to approximately 9 percent, exceeding slightly the average annual rise during 1964-71. Per capita income at current prices increased to \$227. Rapid growth in 1973 was attributable to record production of most agricultural products. Weather conditions were excellent over most of the country, and farmers responded to high farm prices in early 1973 by enlarging planted area. Although exportable supplies of agricultural commodities were greatly reduced in 1973, high world prices maintained foreign exchange earnings. Thailand's trade deficit improved significantly for the third consecutive year.

Inflation has become Thailand's most pressing economic problem. Demand for agricultural commodities has exceeded supply due to a short

harvest in 1972/73, and rising food prices have contributed to a general wave of inflation. From October 1972 to October 1973, the consumer price and wholesale price indices rose 19 and 27 percent, respectively. The Thai Government responded to rapid inflation by banning those export products in shortest supply (including rice), by imposing price controls on some items, and by revaluing the baht by 4 percent in July 1973. Unfortunately, the high level of agricultural production in 1973/74, domestic price controls, and partial insulation of the domestic market through export levies have been inadequate to slow the increasing food prices because of continuing strong export demand.

Agricultural Production

Agriculture had a very good year in Thailand during 1973. Larger plantings of most crops followed high farm prices in the previous season. Also, weather was generally good in all parts of the country.

Rice production set a new record of 9.4 million tons, including 330,000 tons estimated for the dry season crop, a 16 percent increase over the depressed 1972/73 crop of 8.1 million tons. Higher prices and better market outlets provided better incentives for the farmers.

Corn production also set a new record of 2.35 million tons in 1973, 74 percent higher than the

drought-affected 1972 harvest of 1.35 million, but only 7 percent above the previous record crop of 1971. Prices were higher, weather was good, and some cotton area was transferred to corn because of continuing cotton production problems.

Cassava production in 1973/74 is estimated at 3.8 million tons, 19 percent greater than the 1972/73 crop of 3.2 million tons. Acreage was significantly increased this year and abundant sunshine to dry the roots increased output.

Although kenaf prices were down somewhat during 1973, the area planted was increased and, with favorable rains, kenaf production rose 8 percent to 530,000 tons in 1973 from 490,000 tons the previous year.

Thai production of sugarcane in 1973 increased by 42 percent to 13.5 million tons, and was nearly double the level of production in 1971. Sugar production also was up 41 percent to 915,000 tons for the 1973/74 campaign. To accommodate the rapid increase in sugarcane production, the Thai Government approved the construction of 13 new sugar mills within the next 2 years.

Cotton production in Thailand continues to founder. Production decreased 28 percent to only 15,000 tons from the depressed level of the previous year. Many cotton farmers have shifted to other crops, particularly corn and cassava.

Agricultural Trade

Agricultural exports continue to be Thailand's largest source of foreign exchange, and 1973 earnings were nearly as great as the record level of 1972. A smaller 1972/73 harvest resulted in greatly reduced overall export volumes, but high prices for all crops except kenaf maintained earnings.

Rice remained Thailand's most valuable export in 1973. Rice exports were 881,000 tons, down 58 percent from the 1972 record of 2.08 million tons, which required a reduction in stocks of over 650,000 tons. 1973 rice exports required a stock reduction of about 420,000 tons. Indonesia, Hong Kong, Singapore, and Senegal, in that order, were the largest markets. During 1973, rice price nearly tripled, to around \$550 per ton for the highest grades.

Carryover stocks of corn were low early in 1973 because of the small 1972 crop. Exports revived after the first corn harvests in June and totaled 1.24 million tons by the end of 1973, down 29 percent from 1972 exports of 1.76 million tons. A similar situation reduced sorghum exports by 5 percent in 1973 to 125,000 tons.

Exports of cassava products actually increased by 17 percent in 1973 to 1.53 million tons. Demand for cassava pellets for animal feed remained strong and pellets now account for over 98 percent of all cassava product exports.

The Thai Government allowed only raw sugar to be

exported in 1973; mills increased their stocks of plantation white sugar. Exports of raw sugar were reduced slightly in 1973 to 258,000 tons. In comparison, total sugar exports in 1972, including white sugar, were a record 408,000 tons.

Kenaf exports increased only slightly in 1973 to 262,000 tons. Castor bean exports declined slightly to 26,000 tons. Tobacco exports declined by 17 percent to 15,900 tons.

U.S. agricultural imports from Thailand increased 22 percent in 1973 to \$29.8 million. Rubber valued at \$12.6 million was the principal import. Kapok valued at \$4.9 million and cassava products valued at \$4.5 million also were imported from Thailand.

U.S. agricultural exports to Thailand totaled over \$61 million in 1973, slightly above the 1972 level. Thailand's cotton imports increased 38 percent in 1973 to 66,950 tons from only 48,530 tons in 1972. U.S. cotton exports to Thailand were up 166 percent to 56,820 tons worth \$40.8 million from 21,377 tons worth only \$14.7 million in 1972. The United States supplies primarily medium and short staple cotton.

The United States is the principal supplier of tobacco to Thailand. In 1973, U.S. exports of tobacco to Thailand fell greatly, from over 13,800 tons worth \$35.7 million to only 3,900 tons worth \$10.5 million.

Thailand imported 63,756 tons of wheat during the first 9 months of 1973, up slightly from the 60,807 tons imported during the same period of 1972. U.S. wheat exports to Thailand were a little over 22,000 tons in both 1972 and 1973.

Outlook

Like most countries, Thailand faces difficult economic problems in 1974 connected with inflation and shortages of fuel and raw materials for industry and agriculture, including fertilizers. The additional cost of petroleum imports will be a great burden on Thailand's balance of payments. Shipping for Thailand's exports was expensive and difficult to obtain by the beginning of 1974. However, world prices for Thailand's major exports are very high and exportable supplies of rice, corn, and cassava are almost double those available last year. At least in 1974, the cost of obtaining petroleum will be less important than its availability. If adverse weather does not afflict crop production, Thailand should have another year of strong economic growth.

Rice production in Thailand has been increasing less rapidly than domestic consumption for many years, slowly reducing exportable surpluses. Recently, high-yielding rice varieties of high quality and adapted to Thai conditions have become available, but fertilizer is required to obtain high yields and fertilizer supplies may be restricted, at least for the coming year.

Rice production in 1974 should approximately equal the current crop. Corn production will expand

but only to about 2.5 million tons because of fertilizer shortages. Because rising shipping rates have depressed cassava prices, production of this crop will probably fall slightly. Rice exports in 1974 should amount to about 1.3 million tons. Corn exports in 1974 could be 2 million tons and should reach a record value. Exportable supplies of cassava products will be double the 1973 level, almost 4 million tons. Because of its bulk and consequent sensitivity to rising transportation costs, cassava is losing some of

its competitive advantage in European markets.

The textile industry is rapidly becoming the largest industry in Thailand and cotton remains the leading raw material consumed. Cotton imports for 1974, mostly from the United States, will exceed 350,000 bales. Because cold weather has damaged Thailand's tobacco crop, tobacco imports will rise in 1974 and will come mainly from the United States. Thai wheat imports for 1974 are expected to reach 100,000 tons. (Gene R. Hasha)

REPUBLIC OF VIETNAM

Population of 19.8 million with an annual growth rate of 2.6 percent, 65 percent rural—agriculture accounts for 38 percent of GDP—major agricultural product is rice—major agricultural export is rubber—major agricultural imports are rice, wheat, tobacco, and cotton.

Economic Situation

The recession of 1972, resulting from the gap left by the withdrawal of the United States presence and the 1972 general offensive, continued into 1973. Industrial production still had not recovered to 1970 levels by mid-1973. The economic situation in South Vietnam became more turbulent during 1973 because of international inflation and the previous year's reduced harvests. According to figures from the National Bank of Vietnam, real GNP increased an estimated 2.8 percent in 1973, an improvement over the 1972 increase but not adequate to improve per capita living levels. Savings and investments were severely reduced.

Total Vietnamese exports increased dramatically during 1973, but still were valued at only 7 percent of total imports. The balance of payments and the Government budget both continued to rely heavily on external assistance which, although roughly constant in money terms in 1973, was greatly reduced in real terms. Increases in the price of rice, wheat, petroleum products, sugar, cement, and steel were particularly damaging. Total imports had to be reduced seriously because of higher commodity prices and constant financial resources. Foreign exchange reserves were again reduced in 1973, and, at year's end, were adequate to finance only 3 months of imports.

Together with shortages of domestically produced agricultural products following harvests reduced by adverse weather in the preceding year, high import costs produced a high level of inflation in 1973. The Consumer Price Index rose 54 percent in the year ending September 1973. Important items such as gasoline and sugar experienced phenomenal price increases of about 200 percent. The retail price of rice doubled.

Agricultural Production

Weather was more favorable and the level of hostilities lower in 1973 than in the previous year; consequently, crop production generally should have increased. Official figures are not available but paddy production is estimated to have increased slightly above 1972 levels, which were officially estimated at 6.35 million tons.

Agricultural Trade

During 1973, the value of Vietnamese agricultural exports increased considerably, although final official statistics are not yet available. Fish and seafood products, wood products, and rubber were the principal items. U.S. agricultural imports from South Vietnam increased 33 percent in 1973 to \$664,000. Peppers and feathers were the principal items.

Vietnamese agricultural imports continued at a very high level in 1973. The United States was the principal supplier for commodities other than sugar, including 166,000 tons of wheat valued at \$15.2 million; and cotton valued at \$19 million. Each showed substantial increases in value over 1972. U.S. rice exports decreased from 311,000 tons in 1972 to 258,000 tons in 1973, but the rice export value jumped 26 percent to \$80.5 million. The United States also exported \$16.4 million worth of tobacco to Vietnam in 1973, a 19 percent decrease from 1972. Total U.S. agricultural exports to South Vietnam were \$150.5 million in 1973.

Outlook

In 1974, Vietnamese agricultural production and trade and the general economy will depend greatly on weather and the level of hostilities. The official target for paddy production in 1974 is 7.0 million tons, including 3.8 million tons from 950,000 hectares of high-yielding varieties. Achievement of such a target will require optimum weather conditions and resolution of current difficulties in procuring and financing adequate fertilizer imports.

U.S. agricultural exports to Vietnam in 1974/75 will again be primarily under P.L. 480, and hence will depend upon commodity availabilities and funding

which cannot yet be foreseen. It is likely that quantities will be similar to those of 1973/74.

For the foreseeable future, the South Vietnamese economy will remain crucially dependent on external aid to cover large balance of payments deficits and Government budget deficits. The very high prices of

necessary imports, especially petroleum, fertilizer, and food grains, will intensify Vietnam's dependence on international support. Inflation too will remain a problem because of dependence on expensive imports and large Government budget deficits required by large military expenditures. (Gene R.Hasha)

APPENDIX TABLES

Table 7--Indices of total agricultural production and per capita food production, by country, 1969-73

Country	Total agricultural production					Per capita food production				
	1969	1970	1971	1972	1973 1/	1969	1970	1971	1972	1973 1/
						(1961-65 = 100)				
Bangladesh										
Sri Lanka (Ceylon)	121	114	101	102	123	104	95	84	80	97
India	122	124	128	121	116	107	111	118	104	95
Pakistan	117	125	127	117	129	103	109	107	96	104
	149	158	157	156	162	127	132	122	118	122
Total	119	126	126	118	130	105	109	105	95	104
Burma										
Indonesia	103	105	102	101	108	90	90	86	82	87
Japan	113	125	127	124	134	98	106	106	99	105
Khmer Rep. (Cambodia)	115	109	102	110	110	108	102	94	100	98
Korea, Republic of	104	136	105	76	48	86	124	88	59	32
Malaysia, West	130	128	128	135	136	112	109	106	106	106
Philippines	149	156	168	171	185	119	127	142	147	152
Taiwan	126	130	137	132	146	104	104	106	100	106
Thailand	128	134	134	137	147	108	111	108	109	114
Vietnam, Republic of	134	137	141	134	161	111	110	109	97	115
	94	103	113	113	115	84	90	96	94	94
Total	119	119	117	121	125	104	102	97	97	99
Australia										
New Zealand	121	120	125	115	122	109	107	112	104	114
	120	117	118	120	115	111	106	106	108	103
Total	121	119	123	116	120	109	107	110	105	111

1/ Preliminary.

Table 8--U.S. agricultural exports by SITC categories to Far East and Oceania, 1969-73

	Total	Wheat and flour	Rice milled	Feed grains	Meat and meat prep.	Dairy products	Fruits, nuts, and prep.	Vegetables and prep.
	Million dollars							
Far East 1/								
Afghanistan								
1969	2.6	2.3	--	--	2/	.3	2/	2/
1970	.7	.3	--	--	2/	.3	2/	2/
1971	6.8	6.4	--	--	--	.3	--	--
1972	8.7	7.6	--	--	--	.4	2/	2/
1973	1.3	.5	--	--	--	--	2/	2/
Bangladesh 3/								
1972	116.6	53.4	16.4	--	--	--	2/	.1
1973	97.0	70.3	--	--	--	--	2/	.1
Hong Kong								
1969	54.6	2.5	3.6	2/	4.9	1.7	12.0	.7
1970	57.2	3.8	2.4	2/	6.2	1.3	14.1	.9
1971	68.9	2.4	.9	2/	5.4	.9	14.7	1.3
1972	67.7	2.8	1.2	2/	1.0	2.4	21.5	3.4
1973	147.9	7.0	27.9	2/	2.0	4.0	27.7	6.7
India								
1969	261.7	124.2	16.9	14.9	2/	11.2	2/	2/
1970	256.3	135.0	--	1.4	2/	4.7	2/	2/
1971	272.2	80.8	17.8	1.4	.1	6.5	2/	2/
1972	86.9	11.4	2.8	1.1	--	4.8	2/	1.2
1973	331.4	210.2	--	71.4	--	.1	2/	.4
Indonesia								
1969	95.7	15.0	57.9	2/	2/	1.5	.1	2/
1970	131.2	28.9	60.2	2/	.1	2.8	.1	2/
1971	98.5	18.3	43.2	.1	2/	3.0	.2	2/
1972	134.0	23.4	60.5	2/	2/	2.6	.5	.3
1973	183.0	66.6	37.2	13.9	2/	.2	.8	.5
Japan								
1969	933.5	119.6	.5	279.5	35.6	2.2	30.7	7.2
1970	1,214.1	157.5	.2	364.7	14.1	1.1	32.4	8.5
1971	1,073.0	152.1	2/	223.2	19.6	4.1	43.0	7.4
1972	1,427.3	161.6	--	317.7	29.5	7.4	73.5	10.0
1973	2,997.1	404.8	.1	912.3	115.9	5.1	101.0	27.7
Khmer Republic (Cambodia)								
1969	.3	--	--	--	--	--	--	--
1970	--	--	--	--	--	--	--	--
1971	5.0	1.7	--	--	--	.4	--	--
1972	12.1	2.6	5.7	--	--	--	--	--
1973	64.5	1.2	56.3	--	--	1.2	--	.1
Korea, Republic of								
1969	234.9	76.9	75.6	14.3	2/	6.4	.4	.2
1970	218.0	75.1	35.5	16.3	.2	6.4	.6	.1
1971	299.7	85.2	70.6	32.0	.3	4.1	.7	.1
1972	363.4	128.8	88.9	29.0	.1	4.8	.6	.4
1973	634.9	282.6	82.1	82.2	.1	.1	.9	1.3
Malaysia								
1969	13.5	.3	.3	2/	.2	.7	.7	.1
1970	14.9	.7	--	2/	.2	1.1	.7	.1
1971	14.6	.3	--	2/	.1	.4	.6	.1
1972	11.0	.2	--	2/	.1	.7	.6	.3
1973	25.0	1.7	4.6	.8	.1	.9	1.1	.6

Table 8--U.S. agricultural exports by SITC categories to Far East and Oceania, 1969-73

	Tobacco unmfd.	Hides and skins	Oilseeds	Oilcake and meal	Cotton excl. linters	Animal fats and oils	Vegetable: fats and oils	Other
	Million dollars							
Far East 1/								
Afghanistan								
1969	--	--	--	--	--	2/	2/	2/
1970	--	--	--	2/	--	2/	.1	2/
1971	--	--	--	--	--	2/	.1	2/
1972	--	--	--	2/	--	.2	.3	.2
1973	--	--	--	2/	--	.1	.6	.1
Bangladesh 3/								
1972	--	--	--	2/	14.0	3.3	20.4	9.0
1973	--	--	--	2/	3.2	3.7	3.3	16.4
Hong Kong								
1969	3.6	.4	.3	3.6	11.7	.1	.5	9.1
1970	3.8	.7	.3	4.7	7.3	.1	1.7	10.1
1971	2.4	.8	.6	5.0	22.7	.1	.5	11.1
1972	3.0	1.6	.5	--	7.9	--	.5	21.9
1973	2.7	3.0	.2	--	36.7	--	1.1	28.9
India								
1969	.6	2/	2/	.1	29.7	13.0	24.6	26.3
1970	.2	2/	2/	.1	36.3	16.7	33.7	28.2
1971	.2	2/	.3	.2	48.6	31.1	49.3	35.8
1972	.1	--	.7	.1	2.1	7.2	18.0	37.4
1973	.3	--	--	--	--	5.8	10.7	32.5
Indonesia								
1969	.9	--	--	--	15.1	2/	2/	5.2
1970	.8	--	2/	--	32.0	2/	.1	6.2
1971	.4	--	--	--	29.5	2/	2/	3.6
1972	.4	--	--	--	38.8	2/	2/	7.5
1973	.8	--	--	--	49.4	--	.1	18.5
Japan								
1969	44.7	54.9	205.9	35.0	54.4	33.4	2.8	27.2
1970	61.3	53.9	315.0	46.8	87.9	38.8	4.1	27.8
1971	20.7	51.7	321.8	36.2	125.6	35.5	1.9	30.1
1972	104.8	113.4	384.7	6.4	113.2	24.8	8.6	71.7
1973	101.8	150.9	732.3	57.2	178.6	48.3	24.3	136.8
Khmer Republic (Cambodia)								
1969	.1	--	--	--	--	--	--	.2
1970	--	--	--	--	--	--	--	--
1971	1.3	--	--	--	1.5	--	.1	--
1972	1.8	--	--	--	1.5	--	.1	.4
1973	1.3	--	--	--	3.7	--	.3	.3
Korea, Republic of								
1969	--	2.5	.4	.2	46.3	7.3	1.1	3.2
1970	--	2.6	6.5	2.5	56.8	10.5	1.0	3.8
1971	--	3.3	7.2	2.6	73.7	14.2	1.3	4.4
1972	--	6.5	6.5	1.1	76.2	13.8	1.2	5.5
1973	--	18.5	19.7	--	111.8	26.6	2.4	6.6
Malaysia								
1969	8.3	2/	--	.2	.5	2/	.3	1.9
1970	9.2	--	--	.1	1.0	--	.4	1.3
1971	9.1	.1	--	.1	1.2	2/	1.3	1.3
1972	6.4	--	--	--	1.2	2/	.2	1.3
1973	9.4	--	--	--	3.6	.5	.2	1.5

Table 8--Continued

	Total	Wheat and flour	Rice milled	Feed grains	Meat and meat prep.	Dairy products	Fruits, nuts, and prep.	Vegetables and prep.
	Million dollars							
Pakistan								
1969	38.5	11.4	2/	.5	2/	.6	2/	2/
1970	119.1	63.8	2/	.5	2/	1.3	2/	2/
1971	99.2	36.7	8.8	.1	2/	1.0	2/	2/
1972	118.6	81.5	9.9	.2	2/	.6	2/	.6
1973	114.3	89.2	--	--	2/	--	2/	1.6
Philippines								
1969	78.3	29.5	2/	.1	.9	6.3	3.3	1.5
1970	77.6	30.0	2/	.1	.5	5.0	4.5	1.0
1971	74.0	22.9	2/	3.5	.5	1.2	.6	.5
1972	99.6	33.7	11.1	7.7	.4	3.6	1.1	.8
1973	117.3	49.4	2/	1.9	.6	1.7	.4	1.9
Singapore								
1969	11.0	1.4	2/	2/	.7	.3	1.8	.2
1970	17.1	.9	2/	.3	.8	.5	2.1	.1
1971	15.1	.8	2/	2/	.7	.4	1.8	.2
1972	21.9	.4	--	2.2	.4	.8	2.7	.9
1973	57.4	6.3	19.6	4.2	1.0	1.0	4.8	1.4
Sri Lanka (Ceylon)								
1969	13.5	11.8	--	--	2/	.8	2/	2/
1970	6.5	5.1	--	--	--	.6	--	2/
1971	11.7	8.9	--	.2	--	2.1	--	2/
1972	22.6	21.4	--	.4	2/	.4	--	--
1973	18.2	18.0	--	--	2/	--	--	--
Taiwan								
1969	107.1	20.8	--	.7	2/	.1	.4	1.0
1970	134.4	30.8	--	2.2	2/	.2	.6	.6
1971	162.3	22.1	2/	3.6	2/	.1	.6	1.3
1972	193.2	29.4	--	17.3	.1	1.9	.4	1.2
1973	406.0	85.0	--	59.1	.7	2.6	1.5	.9
Thailand								
1969	32.1	.6	--	2/	.1	1.2	.4	.1
1970	31.9	.9	--	2/	.1	1.2	.6	.1
1971	46.3	2.1	--	2/	2/	.5	.4	2/
1972	58.1	1.6	--	2/	2/	1.4	.2	.2
1973	61.1	2.8	--	2/	2/	1.1	.2	.3
Vietnam, Republic of:								
1969	132.1	16.4	58.3	4.3	.3	19.1	.7	--
1970	166.4	16.5	92.1	5.6	.1	14.6	.4	.1
1971	98.7	16.0	9.0	5.3	--	18.3	.1	--
1972	148.0	16.6	63.7	5.2	--	11.5	--	.5
1973	150.5	18.2	80.5	6.6	--	2.4	--	1.1
Oceania ^{1/}								
Australia								
1969	36.2	2/	.4	2/	.3	.1	1.8	2.2
1970	34.0	2/	.1	2/	.2	.1	3.7	2.0
1971	36.0	2/	2/	2/	.2	.1	2.9	2.9
1972	35.4	2/	.1	2/	.1	.4	3.0	1.9
1973	54.6	2/	.1	2/	2/	.7	3.8	5.5
New Zealand								
1969	6.6	2/	.3	2/	2/	2/	1.6	.2
1970	10.3	2/	.3	2/	.1	2/	2.1	.4
1971	8.6	--	.2	2/	2/	2/	2.0	.4
1972	10.4	2/	.3	2/	.1	.1	3.0	.4
1973	16.3	2/	.4	2/	.1	2/	3.3	1.2

Note: Columns may not always add to totals, which were taken from original source, due to rounding and dashes mean none.

^{1/} For countries shown only.

^{2/} \$50,000 or less.

^{3/} Separate figures, for Bangladesh not available prior to May 1972.

Table 8--Continued

	Tobacco unmfd.	Hides and skins	Oilseeds	Oilcake and meal	Cotton excl. linters	Animal fats and oils	Vegetable fats and oils	Other
	Million dollars							
Pakistan								
1969	--	--	2/	2/	2.2	3.9	19.4	.4
1970	1.0	--	2/	2/	2.1	10.2	39.3	.9
1971	1.5	--	2/	--	2.0	8.6	35.7	4.6
1972	.7	--	--	2/	.2	7.4	14.9	2.6
1973	--	--	--	--	--	6.3	16.3	.9
Philippines								
1969	7.9	.6	2/	4.8	11.8	1.1	.2	10.3
1970	6.2	.5	2/	3.8	18.3	1.2	.3	6.0
1971	4.1	.3	2/	4.9	22.3	1.2	.2	11.8
1972	8.2	.1	.3	5.7	16.9	.7	.4	8.9
1973	9.1	.5	2.5	4.4	29.1	1.8	.8	13.2
Singapore								
1969	1.9	.1	.5	1.5	.3	2/	.1	2.1
1970	2.3	.1	5.3	1.2	.5	2/	.6	2.4
1971	2.1	2/	2.8	.9	1.4	2/	1.3	2.6
1972	2.8	--	7.0	--	.5	.1	.3	3.8
1973	2.9	--	7.0	--	4.2	.2	.4	4.4
Sri Lanka (Ceylon)								
1969	.2	--	--	2/	--	--	.4	.1
1970	.4	--	--	2/	--	--	.3	.1
1971	.2	--	--	2/	--	2/	.1	.1
1972	--	--	--	2/	--	--	.3	.1
1973	--	--	--	--	--	--	--	.2
Taiwan								
1969	8.9	1.6	46.8	.2	21.4	3.0	.1	1.9
1970	8.7	1.8	61.7	.2	19.5	4.3	1.5	2.2
1971	9.8	2.4	61.4	.3	53.2	2.3	2.2	3.0
1972	14.6	3.8	76.1	1.0	40.6	3.2	1.0	2.6
1973	18.2	6.8	139.5	1.1	81.4	4.1	.3	4.8
Thailand								
1969	19.1	2/	2/	.5	5.0	2/	.2	4.7
1970	16.1	--	2/	.2	8.5	2/	2/	4.0
1971	18.4	2/	.1	.1	20.1	2/	2/	4.3
1972	35.7	1.4	.2	--	14.7	2/	.1	2.6
1973	10.6	1.7	--	--	40.8	.1	.2	3.3
Vietnam, Republic of								
1969	10.2	--	--	.4	9.8	--	5.5	7.1
1970	10.0	--	--	.6	15.7	.3	2.0	8.4
1971	16.8	--	--	5.2	18.4	.2	4.5	4.9
1972	20.3	--	.2	1.0	17.4	.1	7.1	4.4
1973	16.4	--	.1	1.2	19.1	.2	.7	4.0
Oceania 1/ Australia								
1969	19.0	.1	1.4	3.1	2/	.1	1.1	6.6
1970	10.2	2/	1.3	3.8	--	.2	4.5	7.8
1971	11.1	.2	.1	3.3	1.8	.1	3.5	9.7
1972	17.2	.2	.9	2.0	.1	--	2.9	6.6
1973	17.9	.4	7.1	2.5	.8	--	5.5	10.3
New Zealand								
1969	2.5	--	2/	2/	--	2/	.1	1.9
1970	5.2	--	2/	2/	--	2/	.1	2.1
1971	3.9	2/	2/	2/	--	2/	.2	1.8
1972	4.8	2/	2/	2/	--	2/	.4	1.3
1973	6.3	2/	.1	1.2	--	2/	.9	2.8

Sources: Bureau of the Census and Foreign Agricultural Service

Table 9--U.S. agricultural exports to the Far East and Oceania,
1972 and 1973

Country	1972	1973	Change	Percent change
	<u>Million dollars</u>			<u>Percent</u>
World	9,400.7	17,676.8	8,276.1	88.0
Far East and Oceania <u>1/</u>	2,954.8	5,500.1	2,545.3	86.1
Far East	2,900.6	5,417.1	2,516.5	86.8
Afghanistan	8.7	1.3	-7.4	-85.1
Bangladesh <u>2/</u>	116.6	97.0	-19.6	-16.8
Burma	.5	--	--	--
Hong Kong	67.7	147.9	80.2	118.5
India	86.9	331.4	244.5	281.4
Indonesia	134.0	183.8	54.0	40.3
Japan	1,427.3	2,997.1	1,549.8	108.6
Khmer Republic (Cambodia)	12.1	64.5	52.4	433.1
Korea, Republic of	363.4	634.9	271.5	74.7
Laos	2.2	3.6	1.4	63.6
Macao	.1	.1	--	--
Malaysia	11.0	25.0	14.0	127.3
Nansei Islands	6.7	--	-6.7	--
Nepal	1.3	.6	-.7	-53.8
Pakistan <u>3/</u>	118.6	114.3	-4.3	-3.6
Philippines	99.6	117.3	17.7	17.8
Singapore	22.0	57.4	35.5	162.1
Sri Lanka (Ceylon)	22.6	18.2	-4.4	-19.5
Taiwan	193.2	406.0	212.8	110.1
Thailand	58.1	61.1	3.0	5.2
Viet Nam, Republic of (South Viet Nam)	148.0	150.5	2.5	1.7
Other	.1	.1	--	--
Oceania	54.2	83.0	28.8	53.1
Australia	35.3	54.6	19.3	54.2
British Pacific Islands	--	.1	.1	--
French Pacific Islands	3.5	4.9	1.4	40.0
New Guinea	.2	.2	--	--
New Zealand	10.4	16.2	5.9	56.7
Trust Pacific Islands	4.5	6.1	1.6	35.6
Other	.3	.8	.5	166.6

Note: Dashes mean less than \$50,000.

1/ Excluding Communist countries.

2/ Separate figures for Bangladesh not available prior to May 1972; therefore, exports shown are for the period May-December 1972.

3/ Includes exports to former East Pakistan (Bangladesh) for period January-April 1972.

Source: U.S. Department of Commerce

Table 10--U.S. agricultural imports from the Far East and Oceania,
1972 and 1973

Country	1972	1973	Change	Percent change
	<u>Million dollars</u>			<u>Percent</u>
World	6,466.9	8,382.4	1,915.5	29.6
Far East and Oceania <u>1/</u>	1,633.2	2,277.3	614.1	36.9
Far East	903.4	1,201.6	298.2	33.0
Afghanistan	1.7	1.3	-.4	-23.6
Bangladesh <u>2/</u>	2.5	4.7	2.2	88.0
Burma	.1	--	-.1	--
Hong Kong	6.5	7.5	1.0	15.4
India	91.8	105.2	13.4	14.6
Indonesia	139.2	222.8	83.6	60.1
Japan	53.4	57.4	4.0	7.5
Khmer Republic (Cambodia)	--	--	--	--
Korea, Republic of	8.6	11.1	2.5	29.1
Laos	--	.1	.1	--
Macao	--	--	--	--
Malaysia	112.1	169.8	57.7	51.5
Nansei Islands	.1	--	-.1	--
Nepal	.1	.3	.2	200.0
Pakistan <u>3/</u>	3.8	3.1	-.7	-18.4
Philippines	339.9	465.3	125.4	36.9
Singapore	21.5	27.8	6.3	29.3
Sri Lanka (Ceylon)	22.6	24.9	2.3	10.2
Taiwan	72.6	67.1	-5.5	-7.6
Thailand	24.5	29.8	5.3	21.6
Vietnam, Republic of (South Vietnam)	.5	.7	.2	40.0
Other	1.9	2.7	.8	42.1
Oceania	759.8	1,075.7	315.9	41.6
Australia	496.9	674.7	177.8	35.8
British Pacific Islands	--	--	--	--
French Pacific Islands	.1	--	-.1	--
New Guinea	10.5	22.4	11.9	113.3
New Zealand	245.5	367.5	122.0	49.7
Trust Pacific Islands	--	--	--	--
Other	6.8	11.1	4.3	63.2

Note: Dashes mean less than \$50,000.

1/ Excluding Communist countries.

2/ Separate figures for Bangladesh not available prior to May 1972; therefore, imports shown are for the period May-December 1972.

3/ Includes imports to former East Pakistan (Bangladesh) for period January-April 1972.

Source: U.S. Department of Commerce

